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ABSTRACT

The first part of this report of the U.S. House of Representatives presents the text of the "Adoption Assistance and Child Welfare Act of 1980." The Act consists of three parts: Title I: Foster Care and Adoption Assistance; Title II: Social Services; and Title III: Other Social Security Act Provisions. Objectives of the Act are to (1) amend the Social Security Act; (2) make needed improvements in the child welfare and social services programs; (3) strengthen and improve the program of Federal support for foster care of needy and dependent children; and (4) establish a program of Federal support to encourage adoptions of children with special needs. Sections of Title I cover Federal payments for foster care and adoption assistance; Federal payments for dependent children voluntarily placed in foster care; and child welfare services. Subsections of Title II focus on the financing of social services and the permanent extension of specified provisions. Title III reports additional permanent provisions, incentives to report earnings, provisions for prorating shelter allowance, services for disabled children, incentives for States to collect child support obligations and other provisions. The second part of the report indicates (1) areas of disagreement between House and Senate versions of the Act and (2) agreements reached in conference for Title I, Title II, Title III and Title IV-B. Provisions deleted in conference are also listed. (Author/RH)

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96TH CONGRESS 2d Session } HOUSE OF REPRESENTATIVES { REPORT No. 96-900

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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ADOPTION ASSISTANCE, CHILD WELFARE, AND SOCIAL SERVICES

APRIL 23, 1980.—Ordered to be printed

Mr. ULLMAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 3434]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3434) to amend the Social Security Act to make needed improvements in the child welfare and social services programs, to strengthen and improve the program of Federal support for foster care of needy and dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE

SECTION 1. This Act, with the following table of contents, may be cited as the "Adoption Assistance and Child Welfare Act of 1980".

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Sec. 1. Short title.

TITLE I—FOSTER CARE AND ADOPTION ASSISTANCE

Sec. 101. Federal payments for foster care and adoption assistance.
Sec. 102. Federal payments for dependent children voluntarily placed in foster care.
Sec. 103. Child-welfare services.

PS 01169

DEC 4 1980

TITLE II—SOCIAL SERVICES

Sec. 201. Determination of amount allocated to States.
Sec. 202. Extension of 100-per-centum Federal matching for child day care expenditures.
Sec. 203. Limitation on funds for training.
Sec. 204. Use of restricted private funds for training programs.
Sec. 205. Emergency shelter.
Sec. 206. Multiyear plan; choice of fiscal year.
Sec. 207. Social services funding for territories.
Sec. 208. Permanent extension of provisions relating to child day care services and WIN tax credit.
Sec. 209. Permanent extension of provisions relating to services for alcoholics and drug addicts.

TITLE III—OTHER SOCIAL SECURITY ACT PROVISIONS

Sec. 301. Permanent extension of provisions relating to child support enforcement.
Sec. 302. Incentives to report earnings under AFDC programs.
Sec. 303. Prorating of shelter allowance.
Sec. 304. Services for disabled children.
Sec. 305. Public assistance payments to territorial jurisdictions.
Sec. 306. Period within which certain claims must be filed.
Sec. 307. Incentives for States to collect child support obligations.
Sec. 308. Exchange of information on terminated or suspended providers.
Sec. 309. Postponement of imposition of certain penalties relating to child support requirements.
Sec. 310. Continuing medicaid eligibility for certain recipients of Veterans' Administration pensions.

TITLE I—FOSTER CARE AND ADOPTION ASSISTANCE

FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

SEC. 101. (a) (1) Title IV of the Social Security Act is amended by adding at the end thereof the following new part:

"PART E—FEDERAL PAYMENTS FOR FOSTER CARE AND ADOPTION ASSISTANCE

"PURPOSE: APPROPRIATION

"SEC. 470. For the purpose of enabling each State to provide, in appropriate cases, foster care and adoption assistance for children who otherwise would be eligible for assistance under the State's plan approved under part A (or, in the case of adoption assistance, would be eligible for benefits under title XVI), there are authorized to be appropriated for each fiscal year (commencing with the fiscal year which begins October 1, 1980) such sums as may be necessary to carry out the provisions of this part. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary, State plans under this part.

"STATE PLAN FOR FOSTER CARE AND ADOPTION ASSISTANCE

"SEC. 471. (a) In order for a State to be eligible for payments under this part, it shall have a plan approved by the Secretary which—

"(1) provides for foster care maintenance payments in accordance with section 472 and for adoption assistance payments in accordance with section 473;

"(2) provides that the State agency responsible for administering the program authorized by part B of this title shall administer, or supervise the administration of, the program authorized by this part;

"(3) provides that the plan shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

"(4) provides that the State shall assure that the programs at the local level assisted under this part will be coordinated with the programs at the State or local level assisted under parts A and B of this title, under title XX of this Act, and under any other appropriate provision of Federal law;

"(5) provides that the State will, in the administration of its programs under this part, use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the programs, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

"(6) provides that the State agency referred to in paragraph (2) (hereinafter in this part referred to as the 'State agency') will make such reports, in such form and containing such information as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

"(7) provides that the State agency will monitor and conduct periodic evaluations of activities carried out under this part;

"(8) provides safeguards which restrict the use of or disclosure of information concerning individuals assisted under the State plan to purposes directly connected with (A) the administration of the plan of the State approved under this part, the plan or program of the State under part A, B, C, or D of this title or under title I, V, X, XIV, XVI (as in effect in Puerto Rico, Guam, and the Virgin Islands), XIX, or XX, or the supplemental security income program established by title XVI, (B) any investigation, prosecution, or criminal or civil proceeding, conducted in connection with the administration of any such plan or program, (C) the administration of any other Federal or federally assisted program which provides assistance, in cash or in kind, or services, directly to individuals on the basis of need, and (D) any audit or similar activity conducted in connection with the administration of any such plan or program by any governmental agency which is authorized by law to conduct such audit or activity; and the safeguards so provided shall prohibit disclosure, to any committee or legislative body (other than an agency referred to in clause (D) with respect to an activity referred to in such clause), of any information which identifies by name or address any such applicant or recipient; except that nothing contained herein shall preclude a State from providing standards which restrict disclosures to purposes more limited than those specified herein, or which, in the case of adoptions, prevent disclosure entirely;

"(9) provides that where any agency of the State has reason to believe that the home or institution in which a child resides whose care is being paid for in whole or in part with funds provided under this part or part B of this title is unsuitable for the child because of the neglect, abuse, or exploitation of such child, it shall bring such condition to the attention of the appropriate court or law enforcement agency;

"(10) provides that the standards referred to in section 2003 (d)(1)(F) shall be applied by the State to any foster family home or child care institution receiving funds under this part or part B of this title;

"(11) provides for periodic review of the standards referred to in the preceding paragraph and amounts paid as foster care maintenance payments and adoption assistance payments to assure their continuing appropriateness;

"(12) provides for granting an opportunity for a fair hearing before the State agency to any individual whose claim for benefits available pursuant to this part is denied or is not acted upon with reasonable promptness;

"(13) provides that the State shall arrange for a periodic and independently conducted audit of the programs assisted under this part and part B of this title, which shall be conducted no less frequently than once every three years;

"(14) provides (A) specific goals (which shall be established by State law on or before October 1, 1982) for each fiscal year (commencing with the fiscal year which begins on October 1, 1983) as to the maximum number of children (in absolute numbers or as a percentage of all children in foster care with respect to whom assistance under the plan is provided during such year) who, at any time during such year, will remain in foster care after having been in such care for a period in excess of twenty-four months, and (B) a description of the steps which will be taken by the State to achieve such goals;

"(15) effective October 1, 1983, provides that, in each case, reasonable efforts will be made (A) prior to the placement of a child in foster care, to prevent or eliminate the need for removal of the child from his home, and (B) to make it possible for the child to return to his home; and

"(16) provides for the development of a case plan (as defined in section 475(1)) for each child receiving foster care maintenance payments under the State plan and provides for a case review system which meets the requirements described in section 475(5)(B) with respect to each such child.

"(b) The Secretary shall approve any plan which complies with the provisions of subsection (a) of this section. However, in any case in which the Secretary finds, after reasonable notice and opportunity for a hearing, that a State plan which has been approved by the Secretary no longer complies with the provisions of subsection (a), or that in the administration of the plan there is a substantial failure to comply with the provisions of the plan, the Secretary shall notify the State that further payments will not be made to the State under this part, or that such payments will be made to the State but reduced by

an amount which the Secretary determines appropriate, until the Secretary is satisfied that there is no longer any such failure to comply, and until he is so satisfied he shall make no further payments to the State, or shall reduce such payments by the amount specified in his notification to the State.

"FOSTER CARE MAINTENANCE PAYMENTS PROGRAM

"SEC. 472. (a) *Each State with a plan approved under this part shall make foster care maintenance payments (as defined in section 475(4)) under this part with respect to a child who would meet the requirements of section 406(a) or of section 407 but for his removal from the home of a relative (specified in section 406(a)), if—*

"(1) *the removal from the home was the result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child and (effective October 1, 1983) that reasonable efforts of the type described in section 471 (a)(15) have been made;*

"(2) *such child's placement and care are the responsibility of (A) the State agency administering the State plan approved under section 471, or (B) any other public agency with whom the State agency administering or supervising the administration of the State plan approved under section 471 has made an agreement which is still in effect;*

"(3) *such child has been placed in a foster family home or child-care institution as a result of a determination referred to in paragraph (1); and*

"(4) *such child—*

"(A) *received aid under the State plan approved under section 402 in or for the month in which court proceedings leading to the removal of such child from the home were initiated, or*

"(B)(i) *would have received such aid in or for such month if application had been made therefor, or (ii) had been living with a relative specified in section 406(a) within six months prior to the month in which such proceedings were initiated, and would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made.*

"(b) *Foster care maintenance payments may be made under this part only on behalf of a child described in subsection (a) of this section who is—*

"(1) *in the foster family home of an individual, whether the payments therefor are made to such individual or to a public or nonprofit private child-placement or child-care agency, or*

"(2) *in a child-care institution, whether the payments therefor are made to such institution or to a public or nonprofit private child-placement or child-care agency, which payments shall be limited so as to include in such payments only those items which are included in the term 'foster care maintenance payments' (as defined in section 475(4)).*

"(c) *For the purposes of this part, (1) the term 'foster family home' means a foster family home for children which is licensed by the State*

in which it is situated or has been approved, by the agency of such State having responsibility for licensing homes of this type, as meeting the standards established for such licensing; and (2) the term 'child-care institution' means a nonprofit private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

"(d) For purposes of titles XIX and XX, any child with respect to whom foster care maintenance payments are made under this section shall be deemed to be a dependent child as defined in section 406 and shall be deemed to be a recipient of aid to families with dependent children under part A of this title.

"ADOPTION ASSISTANCE PROGRAM

"SEC. 473. (a) (1) Each State with a plan approved under this part shall, directly through the State agency or through another public or nonprofit private agency, make adoption assistance payments pursuant to an adoption assistance agreement in amounts determined under paragraph (2) of this subsection to parents who, after the effective date of this section, adopt a child who—

"(A) (i) at the time adoption proceedings were initiated, met the requirements of section 406(a) or section 407 or would have met such requirements except for his removal from the home of a relative (specified in section 406(a)) as a result of a judicial determination to the effect that continuation therein would be contrary to the welfare of such child, or

"(ii) meets all of the requirements of title XVI with respect to eligibility for supplemental security income benefits,

"(B) (i) received aid under the State plan approved under section 402 in or for the month in which court proceedings leading to the removal of such child from the home were initiated, or

"(ii) (I) would have received such aid in or for such month if application had been made therefor, or (II) had been living with a relative specified in section 406(a) within six months prior to the month in which such proceedings were initiated, and would have received such aid in or for such month if in such month he had been living with such a relative and application therefor had been made, or

"(iii) is a child described in subparagraph (A) (ii), and

"(C) has been determined by the State, pursuant to subsection (c) of this section, to be a child with special needs.

"(2) The amount of the adoption assistance payments shall be determined through agreement between the adoptive parents and the State or local agency administering the program under this section, which shall take into consideration the circumstances of the adopting parents and the needs of the child being adopted, and may be readjusted periodically, with the concurrence of the adopting parents (which may

be specified in the adoption assistance agreement), depending upon changes in such circumstances. However, in no case may the amount of the adoption assistance payment exceed the foster care maintenance payment which would have been paid during the period if the child with respect to whom the adoption assistance payment is made had been in a foster family home.

"(3) Notwithstanding the preceding paragraph, (A) no payment may be made to parents with respect to any child who has attained the age of eighteen (or, where the State determines that the child has a mental or physical handicap which warrants the continuation of assistance, the age of twenty-one), and (B) no payment may be made to parents with respect to any child if the State determines that the parents are no longer legally responsible for the support of the child or if the State determines that the child is no longer receiving any support from such parents. Parents who have been receiving adoption assistance payments under this section shall keep the State or local agency administering the program under this section informed of circumstances which would, pursuant to this subsection, make them ineligible for such assistance payments, or eligible for assistance payments in a different amount.

"(4) For purposes of this part, individuals with whom a child (who has been determined by the State, pursuant to subsection (c), to be a child with special needs) is placed for adoption, pursuant to an interlocutory decree, shall be eligible for adoption assistance payments under this subsection, during the period of the placement, on the same terms and subject to the same conditions as if such individuals had adopted such child.

"(b) For purposes of titles XIX and XX, any child with respect to whom adoption assistance payments are made under this section shall be deemed to be a dependent child as defined in section 406 and shall be deemed to be a recipient of aid to families with dependent children under part A of this title.

"(c) For purposes of this section, a child shall not be considered a child with special needs unless—

"(1) the State has determined that the child cannot or should not be returned to the home of his parents; and

"(2) the State had first determined (A) that there exists with respect to the child a specific factor or condition (such as his ethnic background, age, or membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps) because of which it is reasonable to conclude that such child cannot be placed with adoptive parents without providing adoption assistance, and (B) that, except where it would be against the best interests of the child because of such factors as the existence of significant emotional ties with prospective adoptive parents while in the care of such parents as a foster child, a reasonable, but unsuccessful, effort has been made to place the child with appropriate adoptive parents without providing adoption assistance under this section.

"PAYMENTS TO STATES; ALLOTMENTS TO STATES

"SEC. 474. (a) For each quarter beginning after September 30, 1980, each State which has a plan approved under this part (subject to the

limitations imposed by subsection (b)) shall be entitled to a payment equal to the sum of—

"(1) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act) of the total amount expended during such quarter as foster care maintenance payments under section 472 for children in foster family homes or child-care institutions; plus

"(2) an amount equal to the Federal medical assistance percentage (as defined in section 1905(b) of this Act) of the total amount expended during such quarter as adoption assistance payments under section 473 pursuant to adoption assistance agreements; plus

"(3) an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions) of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and

"(B) one-half of the remainder of such expenditures.

"(b)(1) Notwithstanding the provisions of subsections (a)(1) and (a)(3), the aggregate of the sums payable thereunder to any State (other than a State subject to limitation under section 1108(a)) with respect to expenditures relating to foster care, for the calendar quarters in any of the fiscal years 1981 through 1984 in which the conditions set forth in paragraph (2) are met, shall not exceed the State's allotment for such year.

"(2)(A) The limitation in paragraph (1) shall apply—

"(i) with respect to fiscal year 1981, only if the amount appropriated under section 420 for such fiscal year is equal to or greater than $163,550,000;

"(ii) with respect to fiscal year 1982, only if the amount appropriated under section 420 for such fiscal year is equal to or greater than $220,000,000;

"(iii) with respect to fiscal year 1983, only if the amount appropriated under section 420 for such fiscal year is equal to $266,000,000; and

"(iv) with respect to fiscal year 1984, only if the amount appropriated under section 420 for such fiscal year is equal to $266,000,000.

"(B) The limitations set forth in paragraph (1) with respect to the fiscal years 1982 through 1984 shall apply only if the required appropriation is made in advance in an appropriation Act (as authorized under section 420(b)) for the fiscal year preceding the fiscal year to which the limitation would apply.

"(3) For purposes of this subsection, a State's allotment for any fiscal year shall be the greater of—

"(A) the amount determined under paragraph (4);

"(B) an amount which bears the same ratio to $100,000,000 as the under age eighteen population of such State bears to the under age eighteen population of the fifty States and the District of Columbia; or

"(C) at the option of the State, an amount determined under paragraph (5), but only in the case of a State which meets the requirements of such paragraph (5).

"(4) For purposes of paragraph (3)(A), a State's allotment shall be determined as follows:

"(A) The allotment for any State for fiscal year 1980 shall be an amount equal to such State's base amount (as determined under subparagraph (C)) increased by 21.2 percent.

"(B) The allotment for any State for each of the fiscal years 1981 through 1984 shall be an amount equal to such State's allotment for the preceding fiscal year, increased or decreased by a percentage equal to twice the percentage increase or decrease (as the case may be) (but not to exceed an increase or decrease of 10 percent) in the Consumer Price Index prepared by the Department of Labor, and used in determining cost-of-living adjustments under section 215(i) of this Act, for the second quarter of the preceding fiscal year as compared to such index for the second quarter of the second preceding fiscal year. For purposes of this subparagraph the Consumer Price Index for any quarter shall be the arithmetical mean of such index for the three months in such quarter.

"(C) The base amount shall be equal to the amount of the Federal funds payable to such State for fiscal year 1978 under section 403 on account of expenditures for aid with respect to which Federal financial participation is authorized in payments pursuant to section 408 (including administrative expenditures attributable to the provision of such aid as determined by the Secretary) and for those States which in fiscal year 1978 did not make foster care maintenance payments under section 408 on behalf of children otherwise eligible for such payment, solely because their foster care was provided by related persons, shall be equal to the total amount of Federal funds the State would have been entitled to be paid under section 403 on account of expenditures pursuant to section 408 for that fiscal year if such payments had been made. In the event that there is a dispute between any State and the Secretary as to the amount of such expenditures for such fiscal year, then, until the beginning of the fiscal year immediately following the fiscal year in which the dispute is finally resolved, the base amount shall be deemed to be the amount of Federal funds which would have been payable under section 403 if the amount of such expenditures were equal to the amount thereof claimed by the State.

"(5)(A) For purposes of paragraph (3)(C), a State's allotment for any fiscal year ending after September 30, 1980, and before October 1, 1984, may, at the option of the State (and if the State meets the requirements of subparagraphs (B) and (C)), be determined by application of the provisions of paragraph (4) with the following modifications:

"(i) *The base amount for purposes of determining an allotment for any such fiscal year shall be equal to the base amount determined under paragraph (4)(C) increased by a percentage equal to the percentage by which the average monthly number of children in such State receiving aid with respect to which Federal financial participation is authorized in payments pursuant to section 408, or receiving foster care maintenance payments with respect to which Federal financial participation is authorized under this part, for such fiscal year exceeds the average monthly number of such children for fiscal year 1978.*

"(ii) *For purposes of clause (i), the percentage determined under such clause shall not exceed 33.1 percent in the case of fiscal year 1981, 46.4 percent in the case of fiscal year 1982, 61.1 percent in the case of fiscal year 1983, or 77.2 percent in the case of fiscal year 1984.*

"(B) *No State may exercise the option to have its allotment amount determined under the provisions of this paragraph unless, for fiscal year 1978, the average monthly number of children in such State receiving aid for which Federal financial participation is authorized in payments pursuant to section 408 as a percentage of the under age eighteen population of such State, was less than the average such percentage for the fifty States and the District of Columbia.*

"(C) *No State may exercise the option to have its allotment determined under this paragraph for any fiscal year other than fiscal year 1981 after the first fiscal year (after fiscal year 1978) with respect to which the average monthly number of children in such State receiving aid for which Federal financial participation is authorized in payments pursuant to section 408, or receiving foster care maintenance payments for which Federal financial participation is authorized under this part, as a percentage of the under age eighteen population of such State, was equal to or greater than the average such percentage for the fifty States and the District of Columbia for the fiscal year 1978. Any allotment determined under this paragraph for a State which opted to have its allotment so determined under this paragraph for the fiscal year prior to the first fiscal year for which its option may not be exercised by reason of the preceeding sentence shall be considered to be such State's allotment for such prior fiscal year for purposes of determining allotments for subsequent fiscal years under paragraph (4).*

"(D) *In determining the number of children receiving aid for which Federal financial participation is authorized in payments under section 408 or under this part, for any fiscal year, with respect to any State and with respect to the national average for purposes of subparagraphs (B) and (C), there shall be included those children with respect to whom foster care maintenance payments were not made under section 408 or this part (though they were otherwise eligible for such payments) solely because their foster care was provided by related persons. In the event that there is a dispute between any State and the Secretary as to the number of such children (with respect to whom foster care maintenance payments were not made) for any fiscal year, then until the beginning of the fiscal year immediately following the fiscal year in which the dispute is finally resolved, determinations under*

subparagraphs (B) and (C) shall be made on the basis of the number of such children claimed by the State.

"(E) The Secretary shall promulgate an interim allotment amount for purposes of this paragraph for each fiscal year for each State exercising its option to have its allotment determined under this paragraph, based on the most recent satisfactory data available, not later than six months after the beginning of such fiscal year. The amount of such allotment shall be adjusted, and the final allotment amount shall be promulgated, based on the most recent satisfactory data available, not later than nine months after the end of such fiscal year.

"(6) Except in the case of a State which loses the option of having its allotment determined under paragraph (5) by reason of the provisions of paragraph (5)(C), and subject to the provisions of such paragraph (5)(C), the amount of any allotment as determined in accordance with subparagraph (A), (B), or (C) of paragraph (3) for any fiscal year for any State shall be determined in accordance with the provisions of such subparagraph, without regard to the amount of such State's allotment for any prior fiscal year as determined in accordance with another such subparagraph.

"(c)(1) Except as provided in paragraphs (3) and (4), for any of the fiscal years 1981 through 1984 during which the limitation under subsection (b)(1) is in effect, sums available to a State from its allotment under subsection (b) for carrying out this part, which the State does not claim as reimbursement for expenditures in such year pursuant to subsection (a) of this section, may be claimed by the State as reimbursement for expenditures in such year pursuant to part B of this title, in addition to sums available pursuant to section 420 for carrying out part B.

"(2) Except as provided in paragraphs (3) and (4), for any of the fiscal years 1981 through 1984 during which the limitation under subsection (b)(1) is not in effect, a State may claim as reimbursement for expenditures for such year pursuant to part B of this title, in addition to amounts claimed under section 420, an amount equal to the amount by which the State's allotment amount for such fiscal year (as determined under subsection (b)(3)) exceeds the amount claimed by such State for such fiscal year as reimbursement for expenses relating to foster care under subsection (a); except that the total amount claimed by such State for such fiscal year under this paragraph, when added to the amount that such State receives for such fiscal year under section 420, may not exceed the amount that would have been payable to such State under section 420 for each fiscal year if the relevant amount described in subsection (b)(2)(A) had been appropriated for such fiscal year.

"(3) The provisions of paragraphs (1) and (2) shall not apply for any fiscal year with respect to any State which, with respect to such fiscal year, exercised its option to have its allotment amount determined under subsection (b)(5)

"(4)(A) No State may claim an amount under the provisions of this subsection as reimbursement for expenditures for any fiscal year pursuant to part B of this title to the extent that such amount, plus the amount claimed by such State for such fiscal year under section 420, exceeds the amount which would be allotted to such State under

part B if the amount appropriated under section 420 were $141,000,000, unless such State has met the requirements set forth in section 427(a).

"(B) If, for each of any two consecutive fiscal years, there is appropriated under section 420 a sum equal to $266,000,000, no State may claim any amount under the provisions of this subsection as reimbursement for expenditures for any succeeding fiscal year pursuant to part B of this title unless such State has met the requirements set forth in section 427(b).

"(C) If, for each of any two fiscal years during which the limitation under subsection (b)(1) is not in effect, the total amount claimed by a State as reimbursement for expenditures pursuant to part B under this subsection and under section 420 equals the amount which would be allotted to such State for such fiscal year under part B if the amount appropriated under section 420 were $266,000,000, such State may not claim any amount under the provisions of paragraph (2) as reimbursement for expenditures for any succeeding fiscal year pursuant to part B of this title unless such State has met the requirements set forth in section 427(b).

"DEFINITIONS

"SEC. 475. As used in this part or part B of this title:

"(1) The term 'case plan' means a written document which includes at least the following: A description of the type of home or institution in which a child is to be placed, including a discussion of the appropriateness of the placement and how the agency which is responsible for the child plans to carry out the judicial determination made with respect to the child in accordance with section 472(a)(1); and a plan for assuring that the child receives proper care and that services are provided to the parents, child, and foster parents in order to improve the conditions in the parents' home, facilitate return of the child to his own home or the permanent placement of the child, and address the needs of the child while in foster care, including a discussion of the appropriateness of the services that have been provided to the child under the plan.

"(2) The term 'parents' means biological or adoptive parents or legal guardians, as determined by applicable State law.

"(3) The term 'adoption assistance agreement' means a written agreement, binding on the parties to the agreement, between the State agency, other relevant agencies, and the prospective adoptive parents of a minor child which at a minimum (A) specifies the amounts of the adoption assistance payments and any additional services and assistance which are to be provided as part of such agreement, and (B) stipulates that the agreement shall remain in effect regardless of the State of which the adoptive parents are residents at any given time. The agreement shall contain provisions for the protection (under an interstate compact approved by the Secretary or otherwise) of the interests of the child in cases where the adoptive parents and child move to another State while the agreement is effective.

"(4) The term 'foster care maintenance payments' means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child's per-

sonal incidentals, liability insurance with respect to a child, and reasonable travel to the child's home for visitation. In the case of institutional care, such term shall include the reasonable costs of administration and operation of such institution as are necessarily required to provide the items described in the preceding sentence.

"(5) The term 'case review system' means a procedure for assuring that—

"(A) each child has a case plan designed to achieve placement in the least restrictive (most family like) setting available and in close proximity to the parents' home, consistent with the best interest and special needs of the child,

"(B) the status of each child is reviewed periodically but no less frequently than once every six months by either a court or by administrative review (as defined in paragraph (6)) in order to determine the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to the home or placed for adoption or legal guardianship, and

"(C) with respect to each such child, procedural safeguards will be applied, among other things, to assure each child in foster care under the supervision of the State of a dispositional hearing to be held, in a family or juvenile court or another court (including a tribal court) of competent jurisdiction, or by an administrative body appointed or approved by the court, no later than eighteen months after the original placement (and periodically thereafter during the continuation of foster care), which hearing shall determine the future status of the child (including, but not limited to, whether the child should be returned to the parent, should be continued in foster care for a specified period, should be placed for adoption, or should (because of the child's special needs or circumstances) be continued in foster care on a permanent or long-term basis); and procedural safeguards shall also be applied with respect to parental rights pertaining to the removal of the child from the home of his parents, to a change in the child's placement, and to any determination affecting visitation privileges of parents.

"(6) The term 'administrative review' means a review open to the participation of the parents of the child, conducted by a panel of appropriate persons at least one of whom is not responsible for the case management of, or the delivery of services to, either the child or the parents who are the subject of the review.

"TECHNICAL ASSISTANCE; DATA COLLECTION AND EVALUATION

"SEC. 476. (a) The Secretary may provide technical assistance to the States to assist them to develop the programs authorized under this part and shall periodically (1) evaluate the programs authorized un-

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der this part and part B of this title and (2) collect and publish data pertaining to the incidence and characteristics of foster care and adoptions in this country.

"(b) Each State shall submit statistical reports as the Secretary may require with respect to children for whom payments are made under this part containing information with respect to such children including legal status, demographic characteristics, location, and length of any stay in foster care.".

(2)(A) Effective with respect to expenditures made after September 30, 1980, section 408 of the Social Security Act is, subject to subparagraph (B), repealed.

(B) The repeal made by subparagraph (A) shall not be applicable in the case of any State for any quarter prior to the first quarter, which begins after September 30, 1980, in which such State has in effect a State plan approved under part E of the Social Security Act, or (if earlier) such repeal shall be effective with respect to expenditures made after September 30, 1982. During any period with respect to which the repeal made by subparagraph (A) is not applicable in the case of a State and during which a limitation is in effect under section 474(b)(1) of the Social Security Act, the aggregate of the sums payable to the State, under the State's plan approved under part A of title IV of such Act, with respect to expenditures (including administrative expenditures as determined by the Secretary of Health, Education, and Welfare) authorized or incurred by reason of the provisions of section 408 of such Act shall not exceed the amount of the allotment which such State would have had for such period under section 474(b) if such State had had an approved plan under part E of such title IV. Any amount which would have been available to such State from its allotment for any period with respect which such repeal is not applicable in the case of a State (whether or not a limitation is in effect under section 474(b)(1) of such Act) under section 474(b) of the Social Security Act (if such State had had an approved plan under part E of title IV of such Act) which the State does not claim as reimbursement with respect to expenditures (including administrative expenditures as determined by the Secretary) authorized or incurred by reason of the provisions of section 408 of such Act, may be claimed by the State as reimbursement for expenditures in such period pursuant to part B of title IV of such Act in the same manner as amounts available to States from allotments under section 474(b) of such Act, and not claimed as reimbursement under part E of title IV of such Act, are authorized to be claimed under section 474(c) of such Act.

(3)(A) Section 402(a)(20) of such Act is amended to read as follows:

"(20) provide that the State has in effect a State plan for foster care and adoption assistance approved under part E of this title;".

(B) The amendment made by subparagraph (A) shall become effective with respect to any State at the same time as the repeal of section 408 becomes effective with respect to such State under the provisions of paragraph (2) of this subsection.

(4)(A) Clause (B) of the first sentence of section 475(3) of the Social Security Act (as added by subsection (a) of this section) shall

be effective with respect to adoption assistance agreements entered into on or after October 1, 1983.

(B) The Secretary of Health, Education, and Welfare shall take all possible steps to encourage and assist the various States to enter into interstate compacts (which are hereby approved by the Congress) under which the interests of any adopted child with respect to whom an adoption assistance agreement has been entered into by a State under section 473 of the Social Security Act will be adequately protected, on a reasonable and equitable basis which is approved by the Secretary, if and when the child and his or her adoptive parent (or parents) move to another State.

(5)(A) Subject to the repeal provided under paragraph (2), the last paragraph of section 408 of the Social Security Act is amended to read as follows:

"For the purposes of this section, the term 'foster family home' means a foster family home for children which is licensed by the State in which it is situated or has been approved, by the agency of such State having responsibility for licensing homes of this type, as meeting the standards established for such licensing; and the term 'child-care institution' means a nonprofit private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing; but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.".

(B) The amendment made by subparagraph (A) shall be effective with respect to expenditures made on or after the date of the enactment of this Act.

(b)(1) The Secretary of Health, Education, and Welfare shall conduct a study of programs of foster care and adoption assistance established under part IV-E of the Social Security Act (as added by subsection (a) of this section), and shall submit to the Congress, not later than October 1, 1983, a full and complete report thereon, together with his recommendations as to (A) whether such part IV-E should be continued, and if so, (B) the changes (if any) which should be made in such part IV-E.

(2) Such report shall include, but not be limited to, the following:

(A) a determination as to (i) the extent of reduction that has occurred in the duration of foster care under such programs, (ii) the extent to which such programs of adoption assistance have resulted in an increase in the adoption of children who otherwise would have remained in foster care under State plans approved under title IV-A or IV-E of the Social Security Act, and (iii) the extent to which the availability of Federal funding for adoption assistance under title IV-E of such Act has resulted in States' initiating or expanding programs for adoption assistance, and

(B) specific legislative recommendations for ways to bring about further reduction in the duration of foster care for children.

FEDERAL PAYMENTS FOR DEPENDENT CHILDREN VOLUNTARILY PLACED IN FOSTER CARE

SEC. 102. (a)(1) Effective with respect to expenditures made after September 30, 1980, and before October 1, 1983, section 472(a) of the Social Security Act (as added by section 101 of this Act) is amended—

(A) by inserting "occurred pursuant to a voluntary placement agreement entered into by the child's parent or legal guardian, or" after "removal from the home" in paragraph (1);

(B) by striking out "a determination" in paragraph (3) and inserting in lieu thereof "the voluntary placement agreement or judicial determination";

(C) by inserting "such agreement was entered into or" after "the month in which" in paragraph (4)(A); and

(D) by inserting "such agreement was entered into or" after "the month in which" in paragraph (4)(B)(ii).

(2) Section 472 of such Act (as so added) is further amended by redesignating subsection (d) as subsection (h), and by inserting after subsection (c) the following new subsections:

"(d) Notwithstanding any other provision of this title, Federal payments may be made under this part with respect to amounts expended by any State as foster care maintenance payments under this section, in the case of children removed from their homes pursuant to voluntary placement agreements as described in subsection (a), only if (at the time such amounts were expended) the State has fulfilled all of the requirements of section 427(b).

"(e) No Federal payment may be made under this part with respect to amounts expended by any State as foster care maintenance payments under this section, in the case of any child who was removed from his or her home pursuant to a voluntary placement agreement as described in subsection (a) and has remained in voluntary placement for a period in excess of 180 days, unless there has been a judicial determination by a court of competent jurisdiction (within the first 180 days of such placement) to the effect that such placement is in the best interests of the child.

"(f) For the purposes of this part and part B of this title, (1) the term 'voluntary placement' means an out-of-home placement of a minor, by or with participation of a State agency, after the parents or guardians of the minor have requested the assistance of the agency and signed a voluntary placement agreement; and (2) the term 'voluntary placement agreement' means a written agreement, binding on the parties to the agreement, between the State agency, any other agency acting on its behalf, and the parents or guardians of a minor child which specifies, at a minimum, the legal status of the child and the rights and obligations of the parents or guardians, the child, and the agency while the child is in placement.

"(g) In any case where—

"(1) the placement of a minor child in foster care occurred pursuant to a voluntary placement agreement entered into by the parents or guardians of such child as provided in subsection (a), and

"(2) such parents or guardians request (in such manner and form as the Secretary may prescribe) that the child be returned to their home or to the home of a relative,

the voluntary placement agreement shall be deemed to be revoked unless the State agency opposes such request and obtains a judicial determination, by a court of competent jurisdiction, that the return of the child to such home would be contrary to the child's best interests.".

(3) Section 473(a)(1) of such Act (as so added) is amended—

(A) by inserting ", either pursuant to a voluntary placement agreement with respect to which Federal payments are provided under section 474 (or 403) or" immediately before "as a result of a judicial determination" in subparagraph (A)(i);

(B) by inserting "such agreement was entered into or" after "the month in which" in subparagraph (B)(i); and

(C) by inserting "such agreement was entered into or" after "the month in which" in subparagraph (B)(ii).

(4) Section 475(1) of such Act (as so added) is amended by inserting "voluntary placement agreement entered into or" before "judicial determination made".

(b)(1) Effective with respect to expenditures made after September 30, 1979 (but subject to the repeal provided under section 101(a)(2)(A) and (B)), section 408(a) of the Social Security Act is amended—

(A) by inserting "pursuant to a voluntary placement agreement entered into by the child's parent or legal guardian, or" after "(specified in such section 406(a))" in clause (i);

(B) by striking out "such determination" in clause (3) and inserting in lieu thereof "such voluntary placement agreement or judicial determination";

(C) by inserting "such agreement was entered into or" after "the month in which" in clause (4)(A); and

(D) by inserting "such agreement was entered into or" after "the month in which" in clause (4)(B)(ii).

(2) Section 408 of such Act is further amended by adding at the end thereof the following new paragraph:

"For the purposes of this section, the provisions of subsections (d), (e), (f), and (g) of section 472 shall apply.".

(c) The amendments made by subsections (a) and (b) shall be effective only with respect to expenditures made after September 30, 1979, and before October 1, 1983; and from and after October 1, 1983, the provisions of law amended by such subsections shall read as they would if this section had not been enacted.

(d)(1) For purposes of section 472 of the Social Security Act, a child who was voluntarily removed from the home of a relative and who had a judicial determination prior to October 1, 1978, to the effect that continuation therein would be contrary to the welfare of such child, shall be deemed to have been so removed as a result of such judicial determination if, and from the date that, a case plan and a review meeting the requirements of section 471(a)(16) of such Act have been made with respect to such child and such child is determined to be in need of foster care as a result of such review. In the case of any child described in the preceding sentence, for purposes of section 472(a)(4) of such Act, the date of the voluntary removal shall be deemed to be the date on which court proceedings are initiated which led to such removal.

(2) For purposes of section 408 of the Social Security Act (but subject to the repeal provided under section 101(a)(2)(A) and (B)), in any case where a child was voluntarily removed from the home of a relative prior to October 1, 1979, and a judicial determination was made (prior to October 1, 1978) to the effect that continuation in such home would have been contrary to the child's welfare—

(A) such child shall be deemed to have been so removed as a result of a judicial determination to the effect that continuation in such home would be contrary to the welfare of such child, and

(B) Federal financial participation under the applicable State plan approved under section 402 of the Social Security Act for quarters beginning prior to October 1, 1979, shall not be denied with respect to aid furnished under such plan to or on behalf of such child.

For purposes of subsection (a)(4) of such section 408, the date of such child's voluntary removal shall be deemed to be the date on which court proceedings were initiated which led to such removal.

(c) The Secretary of Health, Education, and Welfare, within three months after the close of each fiscal year with respect to which the amendments made by this section are in effect, shall submit to the Congress a full and complete report on the number of children placed in foster care pursuant to voluntary placement agreements under sections 408 and 472 of the Social Security Act and on the reasons for such placements together with a description of the extent to which such placements have contributed to the achievement of the objectives of this title, including such recommendations as he may deem appropriate with respect to the continuation (in such section 472) of authority to make Federal payments for dependent children voluntarily placed in foster care.

CHILD WELFARE SERVICES

SEC. 103. (a) Part B of title IV of the Social Security Act is amended (subject to subsection (c) of this section) by striking out all that precedes section 426 and inserting in lieu thereof the following:

"PART B—CHILD WELFARE SERVICES

"APPROPRIATION

"SEC. 420. (a) For the purpose of enabling the United States, through the Secretary, to cooperate with State public welfare agencies in establishing, extending, and strengthening child welfare services, there is authorized to be appropriated for each fiscal year the sum of $266,000,000.

"(b) Funds appropriated for any fiscal year pursuant to the authorization contained in subsection (a) shall be included in the appropriation Act (or supplemental appropriation Act) for the fiscal year preceding the fiscal year for which such funds are available for obligation. In order to effect a transition to this method of timing appropriation action, the preceding sentence shall apply notwithstanding the fact that its initial application will result in the enactment in the same year (whether in the same appropriation Act or otherwise) of two separate appropriations, one for the then current fiscal year and one for the succeeding fiscal year.

"ALLOTMENTS TO STATES

"SEC. 421. (a) The sum appropriated pursuant to section 420 for each fiscal year shall be allotted by the Secretary for use by cooperating State public welfare agencies which have plans developed jointly by the State agency and the Secretary as follows: He shall first allot $70,000 to each State, and shall then allot to each State an amount which bears the same ratio to the remainder of such sum as the product of (1) the population of the State under the age of twenty-one and (2) the allotment percentage of the State (as determined under this section) bears to the sum of the corresponding products of all the States.

"(b) The 'allotment percentage' for any State shall be 100 per centum less the State percentage; and the State percentage shall be the percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States; except that (1) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (2) the allotment percentage shall be 70 per centum in the case of Puerto Rico, the Virgin Islands, and Guam.

"(c) The allotment percentage for each State shall be promulgated by the Secretary between October 1 and November 30 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning October 1 next succeeding such promulgation.

"(d) For purposes of this section, the term 'United States' means the fifty States and the District of Columbia.

"STATE PLANS FOR CHILD WELFARE SERVICES

"SEC. 422. (a) In order to be eligible for payments under this part, a State must have a plan for child welfare services which has been developed jointly by the Secretary and the State agency designated pursuant to subsection (b)(1), and which meets the requirements of subsection (b).

"(b) Each plan for child welfare services under this part shall—

"(1) provide that (A) the individual or agency designated pursuant to section 2003(d)(1)(C) to administer or supervise the administration of the State's services program will administer or supervise the administration of the plan (except as otherwise provided in section 103(d) of the Adoption Assistance and Child Welfare Act of 1980), and (B) to the extent that child welfare services are furnished by the staff of the State agency or local agency administering the plan, a single organizational unit in such State or local agency, as the case may be, will be responsible for furnishing such child welfare services;

"(2) provide for coordination between the services provided for children under the plan and the services and assistance provided under title XX, under the State plan approved under part A of this title, under the State plan approved under part E of this title, and under other State programs having a relation-

ship to the program under this part, with a view to provision of welfare and related services which will best promote the welfare of such children and their families;

"*(3) provide that the standards and requirements imposed with respect to child day care under title XX shall apply with respect to day care services under this part, except insofar as eligibility for such services is involved;*

"*(4) provide for the training and effective use of paid paraprofessional staff, with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan, and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency;*

"*(5) contain a description of the services to be provided and specify the geographic areas where such services will be available;*

"*(6) contain a description of the steps which the State will take to provide child welfare services and to make progress in—*

"*(A) covering additional political subdivisions,*

"*(B) reaching additional children in need of services, and*

"*(C) expanding and strengthening the range of existing services and developing new types of services,*

along with a description of the State's child welfare services staff development and training plans;

"*(7) provide, in the development of services for children, for utilization of the facilities and experience of voluntary agencies in accordance with State and local programs and arrangements, as authorized by the State; and*

"*(8) provide that the agency administering or supervising the administration of the plan will furnish such reports, containing such information, and participate in such evaluations, as the Secretary may require.*

"PAYMENT TO STATES

"SEC. 423. *(a) From the sums appropriated therefor and the allotment under this part, subject to the conditions set forth in this section and in section 427, the Secretary shall from time to time pay to each State that has a plan developed in accordance with section 422 an amount equal to 75 per centum of the total sum expended under the plan (including the cost of administration of the plan) in meeting the costs of State, district, county, or other local child welfare services.*

"*(b) The method of computing and making payments under this section shall be as follows:*

"*(1) The Secretary shall, prior to the beginning of each period for which a payment is to be made, estimate the amount to be paid to the State for such period under the provisions of this section.*

"*(2) From the allotment available therefor, the Secretary shall pay the amount so estimated, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid the State for any prior period under this section was greater or less than the amount which should have been paid to the State for such prior period under this section.*

"(c)(1) No payment may be made to a State under this part, for any fiscal year beginning after September 30, 1979, with respect to State expenditures made for (A) child day care necessary solely because of the employment, or training to prepare for employment, of a parent or other relative with whom the child involved is living, (B) foster care maintenance payments, and (C) adoption assistance payments, to the extent that the Federal payment with respect to those expenditures would exceed the total amount of the Federal payment under this part for fiscal year 1979.

"(2) Expenditures made by a State for any fiscal year which begins after September 30, 1979, for foster care maintenance payments shall be treated for purposes of making Federal payments under this part with respect to expenditures for child welfare services, as if such foster care maintenance payments constituted child welfare services of a type to which the limitation imposed by paragraph (1) does not apply; except that the amount payable to the State with respect to expenditures made for other child welfare services and for foster care maintenance payments during any such year shall not exceed 100 per centum of the amount of the expenditures made for child welfare services for which payment may be made under the limitation imposed by paragraph (1) as in effect without regard to this paragraph.

"(d) No payment may be made to a State under this part in excess of the payment made under this part for fiscal year 1979, for any fiscal year beginning after September 30, 1979, if for the latter fiscal year the total of the State's expenditures for child welfare services under this part (excluding expenditures for activities specified in subsection (c)(1)) is less than the total of the State's expenditures under this part (excluding expenditures for such activities) for fiscal year 1979.

"REALLOTMENT

"SEC. 424. The amount of any allotment to a State under section 421 for any fiscal year which the State certifies to the Secretary will not be required for carrying out the State plan developed as provided in section 422 shall be available for reallotment from time to time, on such dates as the Secretary may fix, to other States which the Secretary determines (1) have need in carrying out their State plans so developed for sums in excess of those previously allotted to them under section 421 and (2) will be able to use such excess amounts during such fiscal year. Such reallotments shall be made on the basis of the State plans so developed, after taking into consideration the population under the age of twenty-one, and the per capita income of each such State as compared with the population under the age of twenty-one, and the per capita income of all such States with respect to which such a determination by the Secretary has been made. Any amount so reallotted to a State shall be deemed part of its allotment under section 421.

"DEFINITIONS

"SEC. 425. (a)(1) For purposes of this title, the term 'child welfare services' means public social services which are directed toward the accomplishment of the following purposes: (A) protecting and promoting the welfare of all children, including handicapped, homeless,

dependent, or neglected children; (B) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation, or delinquency of children; (C) preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family where the prevention of child removal is desirable and possible; (D) restoring to their families children who have been removed, by the provision of services to the child and the families; (E) placing children in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and (F) assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption.

"(2) Funds expended by a State for any calendar quarter to comply with the statistical report required by section 476(b), and funds expended with respect to nonrecurring costs of adoption proceedings in the case of children placed for adoption with respect to whom assistance is provided under a State plan for adoption assistance approved under part E of this title, shall be deemed to have been expended for child welfare services.

"(b) For other definitions relating to this part and to part E of this title, see section 475 of this Act.".

(b) Part B of title IV of such Act is amended by adding at the end thereof the following new sections:

"FOSTER CARE PROTECTION REQUIRED FOR ADDITIONAL FEDERAL PAYMENTS

"SEC. 427. (a) If, for any fiscal year after fiscal year 1979, there is appropriated under section 420 a sum in excess of $141,000,000, a State shall not be eligible for payment from its allotment in an amount greater than the amount for which it would be eligible if such appropriation were equal to $141,000,000, unless such State—

"(1) has conducted an inventory of all children who have been in foster care under the responsibility of the State for a period of six months preceding the inventory, and determined the appropriateness of, and necessity for, the current foster placement, whether the child can be or should be returned to his parents or should be freed for adoption, and the services necessary to facilitate either the return of the child or the placement of the child for adoption or legal guardianship; and

"(2) has implemented and is operating to the satisfaction of the Secretary—

"(A) a statewide information system from which the status, demographic characteristics, location, and goals for the placement of every child in foster care or who has been in such care within the preceding twelve months can readily be determined;

"(B) a case review system (as defined in section 475(5)) for each child receiving foster care under the supervision of the State; and

"(C) a service program designed to help children, where appropriate, return to families from which they have been removed or be placed for adoption or legal guardianship.

"(b) If, for each of any two consecutive fiscal years after the fiscal year 1979, there is appropriated under section 420 a sum equal to $266,000,000, each State's allotment amount for any fiscal year after such two consecutive fiscal years shall be reduced to an amount equal to its allotment amount for the fiscal year 1979, unless such State—

"(1) has completed an inventory of the type specified in subsection (a)(1);

"(2) has implemented and is operating the program and systems specified in subsection (a)(2); and

"(3) has implemented a preplacement preventive service program designed to help children remain with their families.

"(c) Any amounts expended by a State for the purpose of complying with the requirements of subsection (a) or (b) shall be conclusively presumed to have been expended for child welfare services.

"PAYMENTS TO INDIAN TRIBAL ORGANIZATIONS

"SEC. 428. (a) The Secretary may, in appropriate cases (as determined by the Secretary) make payments under this part directly to an Indian tribal organization within any State which has a plan for child welfare services approved under this part. Such payments shall be made in such manner and in such amounts as the Secretary determines to be appropriate.

"(b) Amounts paid under subsection (a) shall be deemed to be a part of the allotment (as determined under section 421) for the State in which such Indian tribal organization is located.

"(c) For purposes of this section—

"(1) the term 'tribal organization' means the recognized governing body of any Indian tribe, or any legally established organization of Indians which is controlled, sanctioned, or chartered by such governing body; and

"(2) the term 'Indian tribe' means any tribe, band, nation, or other organized group or community of Indians (including any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (Public Law 92–203; 85 Stat. 688)) which (A) is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians, or (B) is located on, or in proximity to, a Federal or State reservation or rancheria.".

(c) In the case of Guam, Puerto Rico, and the Virgin Islands, and the Commonwealth of the Northern Mariana Islands, section 422(b)(1) of such Act (as otherwise amended by subsection (a) of this section) shall be deemed to read as follows:

"(1) provide that (A) the State agency designated pursuant to section 402(a)(3) to administer or supervise the administration of the plan of the State approved under part A of this title will administer or supervise the administration of such plan for child welfare services, and (B) to the extent that child welfare services are furnished by the staff of the State agency or local agency adminstering such plan for child welfare services, the organizational unit in such State or local agency established pursuant to section 402(a)(15) will be responsible for furnishing such child welfare services;".

(d) Notwithstanding section 422(b)(1) of the Social Security Act, (as amended by subsection (a) of this section) if on December 1, 1974, the agency of a State administering its plan for child welfare services under part B of title IV of that Act was not the agency designated pursuant to section 402(a)(3) of that Act, such section 422(b)(1) shall not apply with respect to such agency, but only so long as such agency is not the agency designated under section 2003(d)(1)(C) of that Act; and if on December 1, 1974, the local agency administering the plan of a State under part B of title IV of that Act in a subdivision of the State was not the local agency in such subdivision administering the plan of such State under part A of that title, such section 422(b)(1) shall not apply with respect to such local agency, but only so long as such local agency is not the local agency administering the program of the State for the provision of services under title XX of that Act.

(e) Section 2002(a)(8) of such Act is amended by striking out "or 422" and inserting in lieu thereof "or 423".

(f)(1) Notwithstanding any other provision of law, funds which are appropriated for fiscal year 1980 pursuant to section 420 of the Social Security Act, and for which States are eligible for payment under part B of title IV of that Act, shall remain available, to the extent so provided in an appropriation Act hereafter enacted, for payment with respect to expenditures for child welfare services under part B of title IV of that Act until September 30, 1981.

(2) Section 420(b) of the Social Security Act (as added by subsection (a) of this section) shall apply only with respect to appropriation Acts, which appropriate funds for fiscal years after fiscal year 1981 pursuant to the authorization contained in section 420 of the Social Security Act, enacted after the date of enactment of this Act.

TITLE II—SOCIAL SERVICES

DETERMINATION OF AMOUNT ALLOCATED TO STATES

SEC. 201. (a) Section 2002(a)(2)(A) of the Social Security Act is amended by striking out clause (ii) and inserting in lieu thereof the following:

"(ii) The amount specified for purposes of clause (i) for fiscal year 1980 and each succeeding fiscal year shall be an amount (not exceeding $3,300,000,000) equal to the indexed ceiling amount for that fiscal year as determined under subparagraph (B).".

(b) Section 2002(a)(2) of such Act is amended (subject to subsection (c) of this section) by striking out subparagraphs (B), (C), and (D), and by inserting after subparagraph (A) the following new subparagraph:

"(B)(i)(I) Except as otherwise provided in clauses (ii), (iii), and (iv), the indexed ceiling amount for any fiscal year shall be an amount equal to the indexed ceiling amount for the preceding fiscal year increased or decreased (as the case may be) by an amount determined under division (II).

"(II) For purposes of division (I) the amount of the increase or decrease (as the case may be) shall be an amount equal to $2,500,000,000, multiplied by a percentage equal to the positive or negative percentage change in the Consumer Price Index prepared by the De-

partment of Labor, and used in determining cost-of-living adjustments under section 215(i) of this Act, for the second quarter of the preceding fiscal year as compared to such index for the second quarter of the second preceding fiscal year (rounded to the nearest one-tenth of 1 per centum). For purposes of this clause the Consumer Price Index for any quarter shall be the arithmetical mean of such index for the three months in such quarter.

"(ii) If the percentage increase in the Consumer Price Index as determined under clause (i)(II) for any fiscal year exceeds the inflation rate for that fiscal year as shown for that year (or, if no rate is shown for that year, for the most recent preceding year for which a rate is shown) in the table which appears on page 25 of Senate Budget Committee Report Numbered 96-311, then for such fiscal year such inflation rate shall be used in making the determination under clause (i)(II) instead of the percentage increase in the Consumer Price Index.

"(iii) The indexed ceiling amount determined under clause (i) shall, if not a multiple of $100,000,000, be rounded to the next lesser amount that is a multiple of $100,000,000.

"(iv) The indexed ceiling amount for fiscal year 1979 shall be $2,500,000,000."

(c) With respect to fiscal year 1980 only—

(1) subparagraphs (B) and (C) of section 2002(a)(2) of such Act (as in effect immediately prior to the enactment of this Act) shall continue in effect, redesignated as subparagraphs (D) and (E), respectively;

(2) the subparagraph of such section 2002(a)(2) which is redesignated as subparagraph (E) and continued in effect by paragraph (1) of this subsection is amended by striking out "subparagraph (B)" and "subparagraph (D)" and inserting in lieu thereof "subparagraph (D)" and "subparagraph (F)", respectively; and

(3) subparagraph (D) of such section 2002(a)(2) (as in effect immediately prior to the enactment of this Act) shall continue in effect, redesignated as subparagraph (F) and amended to read as follows:

"(F) The amounts made available pursuant to subparagraph (E) for allotment in fiscal year 1980 shall be allotted by the Secretary to the States which have certified under subparagraph (D) that the amounts of their limitations for such fiscal year are less than their need for such year. The amount of such allotment to any State (which shall be in addition to any payments made to the State under subparagraph (A)) shall bear the same ratio to the total amount available for allotment in such year under this subparagraph as the population of such State bears to the population of the fifty States and the District of Columbia, but shall in no case exceed the amount by which such State certified that its limitation is less than its need for such fiscal year.".

EXTENSION OF 100-PER-CENTUM FEDERAL MATCHING FOR CHILD DAY CARE EXPENDITURES

SEC. 202. (a) Section 2002(a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

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"(17)(A) The total payment to a State under this section with respect to expenditures during any fiscal year for the provision of child day care services under this title (including expenditures for grants to qualified providers under section 2007) shall be equal to 100 per centum of such expenditures to the extent that such expenditures (during that fiscal year) do not exceed—

"(i) an amount which bears the same ratio to $200,000,000 as the amount of the State's limitation under paragraph (2)(A) bears to the indexed ceiling amount for such fiscal year, in the case of fiscal year 1980 and fiscal year 1981; or

"(ii) 8 per centum of the State's limitation under paragraph (2)(A) for such fiscal year, in the case of fiscal year 1982 and any subsequent fiscal year.

"(B) Federal funds payable to a State under this title (with respect to expenditures for child day care services) at the rate specified in subparagraph (A) shall, to the maximum extent that the State determines to be feasible, be employed in such a way as to increase the employment of welfare recipients and other low-income persons in jobs related to the provision of child day care services.".

(b) Section 2002(a)(1) of such Act is amended by striking out "100 per centum" and all that follows down through "2007" and inserting in lieu thereof "100 per centum of the expenditures during that quarter for child day care services (including expenditures for grants to qualified providers under section 2007) to the extent permitted by paragraph (17)".

LIMITATION ON FUNDS FOR TRAINING

SEC. 203. (a) The first sentence of section 2002(a)(2)(A)(i) of the Social Security Act is amended by striking out "in excess of an amount" and all that precedes it, and inserting in lieu thereof "Except as provided in clause (iii), no payment may be made under this section to any State for any fiscal year in excess of an amount".

(b) Section 2002(a)(2)(A) of such Act is further amended by adding after clause (ii) the following new clause:

"(iii) Payment with respect to expenditures for personnel training or retraining directly related to the provision of services under this title shall be made to a State in excess of the limitation for such State promulgated under clause (i) for any fiscal year and without regard to such limitation; except that—

"(I) notwithstanding any other provision of law, payment to a State with respect to such expenditures for fiscal years 1980 and 1981 may not exceed an amount equal to 4 per centum of such State's limitation (for the fiscal year involved) under clause (i), or, if greater, an amount equal to the amount of the payment made under this title to such State with respect to such expenditures for fiscal year 1979, or equal to (a) the amount which would be payable without regard to this subclause with respect to expenditures pursuant to an appropriation made prior to October 1, 1979, by such State for fiscal year 1980, or, if less, (b) the amount determined under division (a) of this subclause reduced to the

extent necessary and on a proportional basis so as to assure that the aggregate of the additional amounts payable to all States as a result of such division (a) does not exceed $6,000,000; and

"(II) payment to a State with respect to such expenditures for fiscal year 1982 or any succeeding fiscal year may be made only if the State has submitted to the Secretary in accordance with paragraph (18) (prior to the beginning of the fiscal year involved) a training plan specifying how its funds expended for such training or retraining in that fiscal year will be used, and only with respect to expenditures included in such plan which are approved by the Secretary in accordance with criteria prescribed by him.".

(c) Section 2002(a) of such Act is amended by adding after paragraph (17) (as added by section 202(a) of this Act) the following new paragraph:

"(18) Effective October 1, 1981, no payment may be made under this section for training or retraining expenditures except in accordance with a training plan approved by the Secretary which, at a minimum—

"(A) describes how training needs were assessed and how the assessment was used to structure the training programs, the individuals to be trained, and the training resources to be used;

"(B) demonstrates that the training activities have a direct relationship to the title XX services program and to the State's staffing needs to carry out the title XX services program; and

"(C) describes the State agency's plan to monitor training programs and to evaluate the agency's overall staff training and development program.".

USE OF RESTRICTED PRIVATE FUNDS FOR TRAINING PROGRAMS

SEC. 204. (a) Section 2002(a)(7)(D)(ii) of the Social Security Act is amended by striking out "and" at the end thereof and inserting in lieu thereof the following: "except that during fiscal years 1980 and 1981 the provisions of this clause shall not apply with respect to funds that are donated for the purpose of training or retraining as provided in subsection (a)(1), if such training or retraining is carried out by a public or nonprofit entity, and".

EMERGENCY SHELTER

SEC. 205. (a) Section 2002(a)(11) of the Social Security Act is amended—

(1) by striking out "and" at the end of subparagraph (C);

(2) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new subparagraph:

"(E) any expenditure for the provision of emergency shelter, for not in excess of thirty days in any six-month period, provided as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment, or exploitation.".

(b) The amendments made by this section shall be effective on and after October 1, 1979.

MULTIYEAR PLAN; CHOICE OF FISCAL YEAR

SEC. 206. (a) Section 2004(1) of the Social Security Act is amended to read as follows:

"(1) for each services program period, the beginning of the fiscal year of the Federal Government, the State government, or the political subdivisions of such State is established as the beginning of the State's services program period, and the end of such fiscal year, the succeeding fiscal year, or the second succeeding fiscal year is established as the end of the State's services program period; and".

(b) Section 2004 of such Act is further amended—

(1) by striking out "services program year" each place it appears and inserting in lieu thereof in each instance "services program period";

(2) by striking out "annual" in paragraph (2) (in the matter preceding subparagraph (A)) and in paragraph (4);

(3) by striking out "during that year" in paragraph (2) (in the matter preceding subparagraph (A)) and inserting in lieu thereof "during that period";

(4) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and"; and

(5) by adding at the end thereof the following new paragraph:

"(6) in the case of a State that adopts a services program planning period of longer than one year, the State agency publishes and makes generally available such information concerning the comprehensive services program at such times as the Secretary may by regulation require.".

(c) Section 2003(b) of such Act is amended—

(1) by striking out "each services program year" and inserting in lieu thereof "each fiscal year (as selected by the State under section 2004(1)) within each services program period"; and

(2) by striking out "any services program year" and inserting in lieu thereof "any services program period".

(d) Sections 2003(d)(1) and 2005 of such Act are each amended by striking out "services program year" and inserting in lieu thereof "services program period".

(e) Section 2002(a)(3)(B) of such Act is amended by striking out "annual".

(f) The amendments made by this section shall be effective with respect to services program periods beginning after the date of the enactment of this Act.

SOCIAL SERVICES FUNDING FOR TERRITORIES

SEC. 207. (a) Section 2002(a)(2) of the Social Security Act is amended by adding after subparagraph (B) (as added by section 201 (b) of this Act) the following new subparagraph:

"(C) From the amounts made available under section 2001 for any fiscal year beginning with fiscal year 1980 (in addition to any sums appropriated for purposes of payments under the preceding provisions of this subsection), the Secretary shall allocate—

"(i) to the jurisdictions of Puerto Rico, Guam, and the Virgin Islands, for purposes of payments under sections 3(a)(4) and (5),

403(a)(3), 1003(a)(3) and (4), 1403(a)(3) and (4), and 1603 (a)(4) and (5), with respect to services, the sums of $15,000,000, $500,000 and $500,000, respectively, and

"(ii) to the jurisdiction of the Northern Mariana Islands, for purposes of payments under section 403(a)(3), with respect to services and for services programs for other individuals as defined by the Secretary, the sum of $100,000,

in addition to any amounts otherwise available to such jurisdictions under this Act.".

(b) The last sentence of section 2001 of such Act is amended by inserting before the period at the end thereof the following: "(and to territorial jurisdictions as described in subsection (a)(2)(C) thereof)".

(c) Section 1108(a) of such Act is amended by striking out "section 2002(a)(2)(D)" and inserting in lieu thereof "section 2002(a)(2)(C)".

PERMANENT EXTENSION OF PROVISIONS RELATING TO CHILD DAY CARE SERVICES AND WIN TAX CREDIT

SEC. 208. (a) Section 4(d) of Public Law 96–178 is amended by striking out "during the period beginning October 1, 1979, and ending March 31, 1980" and inserting in lieu thereof "on or after October 1, 1979".

(b)(1) Section 50B(i) of the Internal Revenue Code of 1954 (relating to special rules with respect to employment of day care workers) is amended to read as follows:

"(i) SPECIAL RULES WITH RESPECT TO EMPLOYMENT OF DAY CARE WORKERS.—

"(1) ELIGIBLE EMPLOYEE.—An individual who would be an 'eligible employee' (as that term is defined for purposes of this section) except for the fact that such individual's employment is not on a substantially full-time basis, shall be deemed to be an eligible employee as so defined, if such employee's employment is related to the provision of child day care services and is performed on either a full-time or part-time basis.

"(2) ALTERNATIVE COMPUTATION WITH RESPECT TO CHILD DAY CARE SERVICES ELIGIBLE EMPLOYEES PAID FROM FUNDS MADE AVAILABLE UNDER TITLE XX OF THE SOCIAL SECURITY ACT.—The amount of the credit allowed a taxpayer under section 40, as determined under section 50A and the preceding provisions of this section, with respect to work incentive program expenses paid or incurred by him with respect to ar eligible employee whose services are performed in connection with a child day care services program conducted by the taxpayer, and with respect to whom the taxpayer is reimbursed (in whole or in part) from funds made available pursuant to section 2007 of the Social Security Act, at the option of the taxpayer shall be equal to 100 percent of the unreimbursed wages paid or incurred by the taxpayer with respect to such employee, but not more than the amount of the limitation in paragraph (4).

"(3) UNREIMBURSED WAGES.—For purposes of this subsection, the term 'unreimbursed wages' means work incentive program expenses for which the taxpayer was not reimbursed under section

2007 of the Social Security Act or under any other grant or program.

"(4) LIMITATION.—*The amount of the credit, as determined under paragraph (2), with respect to any employee shall not exceed the lesser of—*

"(A) *an amount equal to $6,000 minus the amount of the funds reimbursed to the taxpayer with respect to such employee from funds made available pursuant to section 2007 of the Social Security Act; or*

"(B) *with respect to work incentive program expenses attributable to service rendered—*

"(i) *during the one-year period which begins on the day such employee begins work for the taxpayer, an amount equal to the lesser of—*

"(I) *$3,000, or*

"(II) *50 percent of the sum of the amount of the unreimbursed wages of such employee and the amount reimbursed to the taxpayer with respect to such employee from funds made available pursuant section 2007 of the Social Security Act; or*

"(ii) *during the one-year period which begins on the day after the last day of the one-year period described in clause (i), an amount equal to the lesser of—*

"(I) *$1,500, or*

"(II) *25 percent of the sum of the amount of the unreimbursed wages of such employee and the amount reimbursed to the taxpayer with respect to such employee from funds made available pursuant to section 2007 of the Social Security Act.".*

(2) Section 50B(h)(1)(B) of such Code is amended by inserting "(except as provided in subsection (i))" after "full-time basis".

(3)(A) The amendments made by paragraphs (1) and (2) shall be effective with respect to taxable years beginning after December 31, 1979.

(B) The redesignation of subsection (i) of section 50B of the Internal Revenue Code of 1954 as subsection (j) by section 3(a)(1) of Public Law 96-178, shall remain in effect with respect to taxable years beginning after December 31, 1979.

PERMANENT EXTENSION OF PROVISIONS RELATING TO SERVICES FOR ALCOHOLICS AND DRUG ADDICTS

SEC. 209. Section 5(b) of Public Law 96-178 is amended by striking out "during the period beginning October 1, 1978, and ending March 31, 1980" and inserting in lieu thereof "on or after October 1, 1978".

TITLE III—OTHER SOCIAL SECURITY ACT PROVISIONS

PERMANENT EXTENSION OF PROVISIONS RELATING TO CHILD SUPPORT ENFORCEMENT

SEC. 301. (a) Section 2(b) of Public Law 96-178 is amended by striking out "during the period beginning October 1, 1978, and ending March 31, 1980" and inserting in lieu thereof "on or after October 1, 1978".

(b) Section 452(a)(10) of the Social Security Act is amended by adding at the end thereof (after and below subparagraph (H)) the following new sentence:

"The information contained in any such report under subparagraph (A) shall specifically include (i) the total amount of child support payments collected as a result of services furnished during the fiscal year involved to individuals under section 454(6), (ii) the cost to the States and to the Federal Government of furnishing such services to those individuals, and (iii) the extent to which the furnishing of such services was successful in providing sufficient support to those individuals to assure that they did not require assistance under the State plan approved under part A.".

INCENTIVES TO REPORT EARNINGS UNDER AFDC PROGRAMS

SEC. 302. (a) Section 402(a)(8) of the Social Security Act is amended—

(1) by inserting "or" at the end of subparagraph (D) thereof; and

(2) by adding after subparagraph (D) the following new subparagraph:

"(E) any of the persons specified in clause (ii) of subparagraph (A) with respect to which there is a failure without good cause to make a timely report (as prescribed by the State plan) to the State agency;".

(b) The amendments made by subsection (a) shall take effect on the date of the enactment of this Act.

PRORATING OF SHELTER ALLOWANCE

SEC. 303. Part A of title IV of the Social Security Act is amended by adding at the end thereof the following new section:

"PRORATING OF SHELTER ALLOWANCE IN CERTAIN CASES WHERE CHILD LIVES WITH RELATIVE NOT LEGALLY RESPONSIBLE FOR HIS SUPPORT

"SEC. 412. (a) Notwithstanding any other provision of this part, a State plan for aid and services to needy families with children shall not be regarded as failing to comply with the requirements imposed under this part solely because, under such plan, in any case in which one or more children live in any household—

"(1)(A) in which the total income of such child or children and the closely related family members (as defined in subsection (b)) living in the same household equals or exceeds the standard of need under such plan for a family equal in number to the total number of such children and closely related family members in the same household, or (B) where the income of children and family members cannot be determined due to failure to cooperate, and

"(2) which (A) does not include a relative (specified in section 406(a)(1)) who is legally responsible for the support of the child or children, or (B) includes one or more such relatives who is legally responsible for the support of the child or children but none of whom is eligible for aid under the State plan

because such relative is being supported by another person or under another program,

the amount of the aid furnished with respect to such child or children for shelter, utilities, and similar expenses, bears the same ratio to the total amount which would be furnished for such expenses, if all the closely related family members with whom such child or children are living were eligible for such aid, as the number of such children bears to the total number of such children and closely related family members.

"(*b*) *For purposes of subsection* (*a*), *the term 'closely related family members' of a child means those relatives of his who are specified in section 406*(*a*)(*1*) *and any other individual for whose support such a relative is legally responsible, but does not include any such relative or other individual* (*1*) *with respect to whom benefits are provided under another public program eligibility for which is based on need, or* (*2*) *whose presence in the home would not increase the total amount which would be allowed for shelter, utilities, and similar expenses if he was eligible for aid.*

"(*c*) *The amount of aid to families with dependent children for shelter, utilities, and similar expenses shall be identified, for purposes of this section, in the following manner:*

"(*1*) *If the State plan approved under this part provides for paying 100 per centum of the standard of need specified in the plan, and designates a portion of that standard, for families of specified sizes, to meet shelter, utilities, and similar expenses, then an amount equal to that portion shall be considered the total amount for such expenses for a family of the specified size.*

"(*2*) *If such plan provides for meeting less than 100 per centum of such standard, and designates a portion of that standard, for families of specified sizes, to meet such expenses, then an amount equal to that portion, multiplied by the proportion of the standard of need which such State pays as aid to families with dependent children, shall be considered the total amount for such expenses for a family of the specified size.*

"(*3*) *If such plan does not designate any portion of the standard of need for meeting such expenses, then such portion shall be prescribed by the Secretary, but in no event shall such portion exceed 30 per centum of the standard of need for a family of a specified size, multiplied by the proportion of such standard which the State pays as aid to families with dependent children.*

"(*d*) *For purposes of subsection* (*a*), *the total income of the child or children and the closely related family members (as defined in subsection* (*b*)) *shall be determined as it would be if all such individuals were applicants for aid under the State plan and shall not include any income which any such individual is obligated to apply to the support of any other individual not living in the household.*".

SERVICES FOR DISABLED CHILDREN

SEC. 304. Section 1615 of the Social Security Act is amended by redesignating the second subsection (*c*) *as subsection* (*e*), *and by striking out "October 1, 1979" in paragraph* (*1*) *of such subsection* (*e*) *and inserting in lieu thereof "October 1, 1982".*

PUBLIC ASSISTANCE PAYMENTS TO TERRITORIAL JURISDICTIONS

SEC. 305. (a) Section 1108(a) of the Social Security Act is amended—

(1) by striking out "with respect to the fiscal year 1972 and each fiscal year thereafter other than the fiscal year 1979" in paragraphs (1)(E), (2)(E), and (3)(E) and inserting in lieu thereof in each instance "with respect to each of the fiscal years 1972 through 1978"; and

(2) by striking out "with respect to the fiscal year 1979" in paragraphs (1)(F), (2)(F), and (3)(F) and inserting in lieu thereof in each instance "with respect to the fiscal year 1979 and each fiscal year thereafter".

(b) Section 1108(a) of such Act is further amended by striking out "under part A" in the matter preceding paragraph (1) and inserting in lieu thereof "under parts A and E".

(c) The last sentence of section 1118 of such Act is amended by striking out "when applied to quarters in the fiscal year ending September 30, 1979".

PERIOD WITHIN WHICH CERTAIN CLAIMS MUST BE FILED

SEC. 306. (a) Part A of title XI of the Social Security Act is amended by adding after section 1131 the following new section:

"PERIOD WITHIN WHICH CERTAIN CLAIMS MUST BE FILED

"SEC. 1132. (a) Notwithstanding any other provision of this Act (but subject to subsection (b)), any claim by a State for payment with respect to an expenditure made during any calendar quarter by the State—

"(1) in carrying out a State plan approved under title I, IV, V, X, XIV, XVI, XIX, or XX of this Act, or

"(2) under any other provision of this Act which provides (on an entitlement basis) for Federal financial participation in expenditures made under State plans or programs,

shall be filed (in such form and manner as the Secretary shall by regulations prescribe) within the two-year period which begins on the first day of the calendar quarter immediately following such calendar quarter; and payment shall not be made under this Act on account of any such expenditure if claim therefor is not made within such two-year period; except that this subsection shall not be applied so as to deny payment with respect to any expenditure involving court-ordered retroactive payments or audit exceptions, or adjustments to prior year costs.

"(b) The Secretary shall waive the requirement imposed under subsection (a) with respect to the filing of any claim if he determines (in accordance with regulations) that there was good cause for the failure by the State to file such claim within the period prescribed under subsection (a). Any such waiver shall be only for such additional period of time as may be necessary to provide the State with a reasonable opportunity to file such claim. A failure to file a claim within such time period which is attributable to neglect or administrative inadequacies shall be deemed not to be for good cause.".

(b)(1) The amendment made by subsection (a) shall be effective only in the case of claims filed on account of expenditures made in calendar quarters commencing on or after October 1, 1979.

(2) In the case of claims filed prior to the date of enactment of this Act on account of expenditures described in section 1132 of the Social Security Act made in calendar quarters commencing prior to October 1, 1979, there shall be no time limit for the payment of such claims.

(3) In the case of such expenditures made in calendar quarters commencing prior to October 1, 1979, for which no claim has been filed on or before the date of enactment of this Act, payment shall not be made under this Act on account of any such expenditure unless claim therefor is filed (in such form and manner as the Secretary shall by regulation prescribe) prior to January 1, 1981.

(4) The provisions of this subsection shall not be applied so as to deny payment with respect to any expenditure involving adjustments to prior year costs or court-ordered retroactive payments or audit exceptions. The Secretary may waive the requirements of paragraph (3) in the same manner as under section 1132(b) of the Social Security Act.

(c) Notwithstanding any other provision of law, there shall be no time limit for the filing or payment of such claims except as provided in this section, unless such other provision of law, in imposing such a time limitation, specifically exempts such filing or payment from the provisions of this section.

INCENTIVES FOR STATES TO COLLECT CHILD SUPPORT OBLIGATIONS

SEC. 307. (a) The heading of section 458 of the Social Security Act is amended by inserting "STATES AND" after "TO".

(b) Section 458(a) of such Act is amended—

(1) by inserting "or a State on its own behalf makes," after "another State,", and

(2) by striking out "or such other State" and inserting in lieu thereof ", such other State, or such State (in the case of a State which on its own behalf makes such enforcement and collection)".

(c) Section 458 of such Act is further amended by adding at the end thereof the following new subsection:

"(c) No payment under the preceding provisions of this section shall be made to any State or political subdivision thereof with respect to any amount collected and distributed by it unless such amount was collected and distributed in accordance with the State plan of the State approved by the Secretary as meeting the conditions required by section 454.".

EXCHANGE OF INFORMATION ON TERMINATED OR SUSPENDED PROVIDERS

SEC. 308. (a) Section 1862(d) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary shall promptly notify each State agency which administers or supervises the administration of a State plan approved under title XIX of any determination made under the provisions of this subsection.".

(b) Section 1866(c) of such Act is amended by adding at the end thereof the following new paragraph:

"(3) Where an agreement filed under this title by a provider of services has been terminated by the Secretary, the Secretary shall promptly notify each State agency which administers or supervises the administration of a State plan approved under title XIX of such termination.".

(c) Section 1902(a) of such Act is amended—

(1) by striking out "and" at the end of paragraph (39);

(2) by striking out the period at the end of paragraph (40) and inserting in lieu thereof "; and"; and

(3) by inserting after paragraph (40) the following new paragraph:

"(41) provide that whenever a provider of services or any other person is terminated, suspended, or otherwise sanctioned or prohibited from participating under the State plan, the State agency shall promptly notify the Secretary of such action.".

POSTPONEMENT OF IMPOSITION OF CERTAIN PENALTIES RELATING TO CHILD SUPPORT REQUIREMENTS

SEC. 309. No reduction in the amount payable to any State under title IV of the Social Security Act with respect to fiscal year 1977 or fiscal year 1978 shall be made prior to October 1, 1980, on account of the provisions of section 403(h) of such Act.

CONTINUING MEDICAID ELIGIBILITY FOR CERTAIN RECIPIENTS OF VETERANS' ADMINISTRATION PENSIONS

SEC. 310. (a)(1) Part A of title XI of the Social Security Act is amended by adding after section 1132 (as added by section 305 of this Act) the following new section:

"APPLICANTS OR RECIPIENTS UNDER PUBLIC ASSISTANCE PROGRAMS NOT TO BE REQUIRED TO MAKE ELECTION RESPECTING CERTAIN VETERANS' BENEFITS

"SEC. 1133. (a) Notwithstanding any other provision of law (but subject to subsection (b)), no individual who is an applicant for or recipient of aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV, or of benefits under the Supplemental Security Income program established by title XVI shall—

"(1) be required, as a condition of eligibility for (or of continuing to receive) such aid, assistance, or benefits, to make an election under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978 with respect to pension paid by the Veterans' Administration, or

"(2) by reason of failure or refusal to make such an election, be denied (or suffer a reduction in the amount of) such aid, assistance, or benefits.

"(b) The provisions of subsection (a) shall be applicable only with respect to an individual, who is an applicant for or recipient of aid, assistance, or benefits described in subsection (a), during a period with respect to which there is in effect—

"(1) in case such individual is an applicant for or recipient of aid or assistance under a State plan referred to in subsection (a), in the State having such plan, or

"(2) *in case such individual is an applicant for or recipient of benefits under the Supplemental Security Income program established by title XVI, in the State in which the individual applies for or receives such benefits,*

a State plan for medical assistance, approved under title XIX, under which medical assistance is available to such individual only for periods for which such individual is a recipient of aid, assistance, or benefits described in subsection (a).".

(2) The amendment made by paragraph (1) shall be effective on and after January 1, 1979; except that nothing contained in such amendment shall be construed to authorize or require any payment (or increase in payment) of any aid or assistance or benefits referred to in section 1133(a) of the Social Security Act (as added by paragraph (1)) for any benefit period which begins prior to the date of enactment of this Act.

(b)(1)(A) For purposes of section 1902(a)(10)(A) of the Social Security Act, any individual who, prior to the date of enactment of this Act and for the month of December 1978, was eligible for and received aid or assistance under a State plan approved under title I, X, XIV, or XVI, or part A of title IV of such Act, or was eligible for and received supplemental security income benefits under title XVI of such Act (or a supplementary payment described in section 13(c) of Public Law 93-233), and was also in receipt of (or was a dependent, for purposes of chapter 15 of title 38, United States Code, as in effect on December 31, 1978, of an individual in receipt of) pension from the Veterans' Administration for the month of December 1978 shall (subject to subparagraph (B)) be deemed to have been receiving such aid, assistance, supplemental security income, or supplementary payment, for each calendar month thereafter (prior to the month in which the provisions of this subparagraph cease to be effective with respect to him as determined under subparagraph (B)), if such individual would have been eligible therefor in December 1978 and in the month in which the provisions of this subparagraph cease to be effective with respect to him as determined under subparagraph (B) had the increase in income of such individual (or of the family of which such individual is a member), attributable to an election (made by such individual or another member of such individual's family) under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978, not occurred.

(B)(i) The provisions of subparagraph (A) shall take effect on January 1, 1979, and shall cease to be effective, in the case of any individual, for and after the first calendar month beginning more than 10 days after an "informed election" (as defined in subdivision (ii) of this subparagraph) has been made by such individual (or, if such individual is not eligible to make such an election, by a member of such individual's family who is eligible to make such an election which affects such individual's eligibility for aid, assistance, or benefits under a plan or program referred to in subparagraph (A)).

(ii) The term "informed election" means an election made under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978 (or a reaffirmation of such an election which previously was made under such section 306) after the date of compliance by the Administrator of Veterans' Affairs (hereinafter in this section referred to

as the "Administrator") with the provisions of paragraph (2)(A) with respect to the individual concerned. An individual who fails, within the time limits prescribed in paragraph (2)(B), to disaffirm an election previously made by such individual under such section 306 shall be deemed, for purposes of this section and such section 306, to have reaffirmed such election.

(2)(A) The Administrator shall provide to each individual to whom section 1133 of the Social Security Act (as added by subsection (a)(1) of this section) applies and who is eligible to make or has made an election under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978, a written notice, in clear and understandable language, which (i) describes the consequences to such individual (and possibly to such individual's family), in terms of a determination or possible determination of ineligibility for medical assistance under a State plan approved under title XIX of the Social Security Act, of making an election with respect to pension under such section 306, (ii) describes the provisions of subparagraph (B) of this paragraph and subsection (a) of this section, (iii) sets forth other relevant information that would be helpful to such individual in making an informed decision concerning such an election or the disaffirmation thereof, and (iv) in the case of any individual who has made such an election, is accompanied by a form prepared for the purpose of enabling such individual to file with the Administrator a written disaffirmation of such an election.

(B) Notwithstanding any other provision of law—

(i) any individual to whom section 1133 of the Social Security Act (as added by subsection (a)(1) of this section) applies may, within the 90-day period beginning with the day that there is mailed to such individual (at such individual's last known mailing address) a notice referred to in subparagraph (A), disaffirm an election previously made by such individual under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978 by completing and mailing to the Administrator the form furnished such individual for such purpose by the Administrator pursuant to subparagraph (A),

(ii) whenever any such individual files such a disaffirmation with the Administrator, the amount of pension payable to such individual shall be adjusted, beginning with the first calendar month which commences after the receipt by the Administrator of such disaffirmation, to the amount that such pension would have been if such an election by such individual had not been made,

(iii) any individual who has filed a disaffirmation, pursuant to this subparagraph, of an election made by such individual under such section 306 may again make an election thereunder, but such subsequent election may not be disaffirmed under this subsection, and

(iv) no indebtedness to the United States, as a result of the disaffirmation by an individual, pursuant to this subparagraph, of an election made by such individual under such section 306 shall be considered to arise from the payment of pension pursuant to such an election.

(C) The Administrator shall promptly advise the Secretary of Health, Education, and Welfare, and provide identification of the individuals involved and other pertinent information with respect to (i) disaffirmations of elections made by individuals pursuant to subparagraph (B), (ii) individuals who, by failing to disaffirm within the 90-day period prescribed in subparagraph (B), are deemed to have reaffirmed elections previously made, and (iii) individuals who, after having disaffirmed an election under subparagraph (B), subsequently again make an election under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978. The Secretary, upon receipt of any such information with respect to an individual, shall promptly notify the appropriate agencies administering State plans approved under title I, X, XIV, XIX, and part A of title IV of the Social Security Act, and State agencies making supplemental payments pursuant to section 1616 of such Act or an agreement entered into pursuant to section 212(a) of Public Law 93-66.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

AL ULLMAN,
JAMES C. CORMAN,
CHARLES B. RANGEL,
WILLIAM M. BRODHEAD,
BARBER B. CONABLE, JR.,
JOHN H. ROUSSELOT,
Managers on the Part of the House.

RUSSELL LONG,
HERMAN E. TALMADGE,
ABRAHAM RIBICOFF,
DANIEL MOYNIHAN,
DAVID BOREN,
BOB DOLE,
JOHN HEINZ,
BILL ROTH,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3434) to amend the Social Security Act to make needed improvements in the child welfare and social services programs, to strengthen and improve the program of Federal support for foster care of needy and dependent children, to establish a program of Federal support to encourage adoptions of children with special needs, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

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TITLE I—FOSTER CARE AND ADOPTION ASSISTANCE

Establishment of a Separate Foster Care (and Adoption Assistance) Program Under a New Part E of Title IV of the Social Security Act

(Sec. 101)

Present law.—Title IV–A of the Social Security Act provides Federal matching for State payments for foster care. States are required to make foster care payments as part of their AFDC program.

House bill.—The House bill retained present law provisions for Federal matching of foster care under Title IV–A, with amendments (including provisions for adoption assistance).

Senate bill.—The Senate bill provided repealed the current Title IV–A authorization for Federal AFDC foster care matching funds and the requirement that States have an AFDC foster care program. The bill created a new Part E of Title IV, "Federal Payments for Adoption Assistance and Foster Care," under which States would have the option of making foster care payments (and adoption assistance). In addition, under the Senate bill Federal matching funds would not be available for children placed in foster care after September 30, 1984.

Conference agreement.—Under the conference agreement, the present IV–A AFDC foster care program would be shifted to a new Title IV–E, as under the Senate bill, but would continue to be a required program as under current law. States could shift AFDC foster care from IV–A to the new Title IV–E program as of October 1, 1980 and would be required to have made the transition by October 1, 1982. Authority for Federal IV–E foster care matching funds would be permanent, as under the House bill.

New Foster Care (and Adoption Assistance) State Plan Requirements

1. Administration

(Sec. 101)

Present law.—The State plan requirements that apply to AFDC are generally also applicable to AFDC foster care. These include requirements relating to administration, personnel standards, reporting, privacy, benefit standards, and others.

House bill.—Same as present law.

Senate bill.—The Senate bill provided that, in order for a State to be eligible for payments for foster care and adoption assistance under the new Title IV–E, it must have a plan approved by the Secretary

which provides that, in addition to certain State plan administrative requirements in current law, the agency responsible for administering the Title IV–B child welfare program shall administer or supervise the administration of the new program.

Conference agreement.—The House recedes.

2. Disclosure of Information

(Sec. 101)

Present law.—Current law restricts the use or disclosure of information to purposes directly connected with: AFDC, SSI, Medicaid, or the Title XX social services program; any investigation, prosecution, or criminal or civil proceeding related to the administration of these programs; or the administration of any other federally assisted program providing assistance or services based on need. Present law also prohibits the disclosure to any committee or legislative body of information which identifies by name or address any applicant for, or recipient of, such assistance or services.

House bill.—Same as present law.

Senate bill.— The Senate bill modified present law to allow the disclosure of information regarding individuals assisted under the State's foster care and adoption assistance plan (1) for purposes of any authorized audit conducted in connection with the administration of the program including an audit performed by a legislative audit body, and (2) to the Committee on Finance and the Committee on Ways and Means. The bill also added language stating that nothing in the amendment shall preclude a State from providing standards which restrict disclosures to purposes more limited than those specified, or which, in the case of adoptions, prevent disclosure entirely.

Conference agreement.—The House recedes with an amendment. The conference agreement includes the provisions of the Senate bill, except that disclosure of information containing names and addresses of individual recipients to the Committees on Finance and Ways and Means would not be authorized. The conferees note that this limitation pertains only to names and addresses. As under existing law, the two committees would otherwise have full access to data and findings concerning the operations of these programs and would be able to request and receive the results of program audits. In addition, disclosure for purposes of the independently conducted audits required by other provisions of this bill would be authorized.

3. Required Audit or Evaluation of State's Foster Care, Child Welfare Services and Adoption Assistance Programs

(Sec. 101)

House bill.—No provision.

Senate bill.—The Senate bill would require a State to arrange for a "periodic and independently conducted audit" of Federally assisted AFDC foster care, adoption assistance and Title IV–B child welfare services programs at least once every three years. It would also require that the State agency periodically evaluate the foster care and adop-

tion assistance programs and review the standards for foster care homes and institutions and the appropriateness of the amount paid for foster care and adoption assistance.

Conference agreement.—The House recedes with the understanding that the required independently conducted audit may be performed by a governmental agency.

4. Hearing Procedures

(Sec. 101)

Present law.—The AFDC law requires that States must provide a fair hearing to any individual whose claim for aid is denied or not acted on with reasonable promptness. Specific requirements for fair hearing procedures are established in Federal regulations which provide that, in the case of an adverse determination, the State must give timely and adequate notice. Notice must be mailed at least 10 days before the effective date of the action and benefits must be continued if the recipient asks for a hearing within the 10 day period.

House bill.—Same as present law.

Senate bill.—The Senate bill required that any individual who is denied a request for benefits under Part E or under the IV–B child welfare program be informed of the reasons for the denial and offered an opportunity to meet with a representative of the agency.

Conference agreement.—The conference agreement provides that hearing procedures under the new IV–E program would be the same as under current IV–A law.

5. Procedure and Requirements Related to Children in Foster Care in Excess of 24 Months

(Sec. 101)

House bill.—No provision.

Senate bill.—The Senate bill required a State to:

(1) establish by State law by October 1, 1981, for each fiscal year beginning with FY 1983, specific goals as to the maximum number of children (absolute number or by percent of foster care children) who at any time during such year will be in foster care after having been in foster care over 24 months, and

(2) describe the steps which will be taken by the State to achieve the State's goals.

Conference agreement.—The House recedes with an amendment to the effective date. The State must establish its goals by October 1, 1982 for fiscal years beginning with fiscal 1984.

6. Case Plan and Case Review System

(Sec. 101)

Present law.—Current law requires the development of a case plan for each IV–A foster care child, and a "periodic review of the necessity for the child's being in a foster family home or child care institution."

House bill.—The House bill specified that the case plan must be a written document which includes a description of the child's placement and its appropriateness; a plan, if necessary, for compliance with judicial determination requirements; and a plan of services which will be provided in order to improve family conditions and facilitate returning the child to his home, or which will facilitate other permanent placement of a child, or which will serve the needs of a child while in foster placement. In addition, it required a case review at least every six months by a court of competent jurisdiction or an administrative review.

Senate bill.—The Senate bill included the same case plan requirements as the House bill. However, it maintained the current law provisions for "periodic review."

Conference agreement.—The Senate recedes.

7. Preventive and Reunification Services

(Sec. 101)

Present law.—Current law requires the development of a case plan for each child to assure that the child "receives proper care and that services are provided which are designed to improve the conditions in the home from which he was removed or to otherwise make possible his being placed in the home of a relative."

House bill.—Same as present law.

Senate bill.—The Senate bill provided that in order for the State to have an approved State plan under Title IV–E after October 1, 1981, the State plan must provide that in each case:

—reasonable efforts will be made prior to the placement of the child in foster care to prevent or eliminate the need for removal of the child from his home; and

—reasonable efforts will be made to make it possible for the child to return to his home.

Conference agreement.—The House recedes with an amendment which retains the current law requirement assuring that the child receives proper care. The conferees agreed to the Senate requirement beginning October 1, 1983.

8. Federal Sanctions for Non-Compliance With State Plan Requirements

(Sec. 101)

Present law.—Present law provides for the denial of Federal matching for part or all of the State's AFDC program if there is a finding by HEW of substantial failure to comply with the AFDC State plan requirements.

House bill.—Same as present law.

Senate bill.—The Senate bill provided that if there is a finding by HEW of substantial failure to comply with the State plan requirements under the new Part E of Title IV for foster care and adoption assistance, HEW could reduce the Federal matching payments to the extent determined to be appropriate.

Conference agreement.—The House recedes.

Ceiling on Federal Matching for Foster Care

(Sec. 101)

Present law.—Under present law, Federal matching funds for AFDC foster care are available to States on an open-ended, entitlement basis.

House bill.—Same as present law.

Senate bill.—The Senate bill provided for a ceiling on the amount of Federal matching funds available to each State for AFDC foster care maintenance payments, including related administrative expenses, for fiscal years 1980 through 1984. The ceiling for a State in fiscal year 1980 would be the greatest of: 120 percent of the 1978 Federal matching funds for AFDC foster care, including related administrative expenses; 1979 Federal matching funds for AFDC foster care for a State, including related administrative expenses, increased by the greater of 10 percent or the increase in the CPI; or a State's share of $100 million relative to its population under age 18.

In applying the above, a State's base would include that additional amount of money a State would have been entitled to be paid for foster care maintenance payments on behalf of children whose foster care was provided by related persons and whose placement met the other requirements of law if such payments had been made. Certain disputed claims would also be included in the base until they are resolved.

The ceiling for a State in fiscal 1981 through 1984 would be the greater of: 110 percent of the preceding year's ceiling; or a State's share of $100 million relative to its populations under age 18.

Any funds made available to a State for foster care under this ceiling which are not used for Title IV–E foster care could be used to provide child welfare services under Title IV–B at the 75 percent Federal matching rate.

Conference agreement.—The House recedes with an amendment. Under the conference agreement, there would be a ceiling on Federal foster care matching funds for four years beginning with fiscal 1981.

States would have the following options in the determination of this ceiling:

1. The State's fiscal year 1978 Federal foster care funds increased by 33⅓ percent for fiscal year 1981, and increased by 10 percent per year thereafter.

2. The State's share of $100 million relative to its population under 18.

3. Or, a State whose AFDC foster care caseload in fiscal year 1978 was below the 1978 national average AFDC foster care caseload (based on the percentage of children under 18 in AFDC foster care in the State and nationwide) could receive an amount for 1981, and for each year thereafter (1982–1984) that its foster care caseload remained below the 1978 national average caseload, determied as follows: for each year, the amount of Federal AFDC foster care matching funds the State received in 1978 would be increased (1) by the same percentage its AFDC foster care caseload had increased since 1978 not to exceed 10 percent per year from 1978 to the year in question) and (2) further increased by 33⅓ percent for fiscal year 1981 and by

10 percent per year thereafter. This option would not be available to a State once its foster care caseload equals or exceeds the 1978 national average caseload.

Under all options, a State's base would include the cost of certain foster care provided by related persons and certain disputed claims, as in the Senate bill.

The ceiling on Federal foster care funds would not be effective for fiscal year 1981 if IV–B child welfare services appropriations are less than $163.5 million, for fiscal year 1982 if IV–B appropriations are less than $220 million, and for fiscal years 1983 and 1984 if IV–B appropriations are less than $266 million. Further, beginning with fiscal year 1981 for expenditures in fiscal year 1982, IV–B appropriations must be provided on an advance funding basis.

Federal foster care matching funds made available to a State under the ceiling which are not used for foster care maintenance could be used for IV–B child welfare services at the 75 percent Federal matching rate under the following conditions:

—A State that selected the ceiling option No. 3 described above could not transfer IV–E foster care funds to IV–B child welfare services.

—A State could not transfer from IV–E to IV–B more than an amount which, together with the IV–B funds it receives, exceeds its share of $141 million under the IV–B allocation formula, unless and until it had implemented the foster care procedures and protections, except preplacement preventive services, required by section 103 of this bill in order for a State to receive additional IV–B child welfare services funds. (These required procedures and protections are described in the part of section 103 entitled "Requirements for Additional Federal IV–B Child Welfare Services Funds.") After Federal IV–B appropriations have equaled the authorized maximum of $266 million for two consecutive years, a State could not transfer funds from IV–E to IV–B unless and until it had implemented all the foster care procedures and protections required for receipt of additional IV–B child welfare services funds, including a program of preplacement preventive services.

In any year there is no ceiling on Federal IV–E foster care funds because of inadequate IV–B appropriations, a State that opted for a ceiling in order to be able to transfer funds from IV–E to IV–B could not transfer more than an amount which, together with the IV–B funds it receives, exceeds the amount of IV–B funds it would have received if the IV–B appropriations for such year had been sufficient to require a ceiling on foster care funds in all States. Further, the State could not transfer from IV–E to IV–B more than an amount which, together with the IV–B funds it receives, exceeds its share of $141 million under the IV–B allocation formula, unless and until it had implemented the foster care procedures and protections required in order for a State to receive additional IV–B child welfare service funds, except preplacement preventive services. When for any two fiscal years the amount of funds transferred from IV–E to IV–B plus direct IV–B funds has equaled the State's share of $266 million (under the IV–B allocation formula), the State could no longer transfer funds

from IV–E to IV–B unless and until it had implemented all the foster care procedures and protections required for receipt of additional IV–B child welfare services funds, including a program of preplacement preventive services.

Provision of Preventive Services for Children Placed as a Result of Judicial Determination

(Sec. 101)

Present law.—Under present law, Federal IV–A matching funds are available for foster care maintenance payments for a child (1) who has been removed from the home of a relative and placed in a foster family home or child care institution as a result of a judicial determination that continuation in that home would be contrary to the child's welfare, and (2) who received AFDC during the month in which court proceedings were initiated or was eligible to receive AFDC in that month or within 6 months prior to that time.

House bill.—The House bill maintained present law for IV–A matching funds. (However, one of the new requirements a State would have to meet to continue to receive additional IV–B funds is that judicial determinations in the case of involuntarily removed children would have to establish, among other findings, that there had been reasonable attempts to provide preplacement preventive services.)

Senate bill.—The Senate bill provided that under the new IV–E program the current judicial determination requirement would be modified to include a judicial finding that reasonable efforts have been made to prevent the need for the child's removal from his home or, where applicable, to make it possible for the child to return to his home.

Conference agreement.—The House recedes. The modification in the Senate bill would become effective October 1, 1983. (The conference agreement also provides for Federal funding for certain "voluntarily" placed children as described in the part of section 102 entitled "Children Voluntarily Placed in Foster Care.")

Definition of Foster Care Maintenance Payments

(Sec. 101)

Present law.—In present law, there is no general definition covering all "foster care maintenance payments." However, payments on behalf of children in an institution are subject to limitations prescribed by the Secretary with a view to including only those items which are included in the case of foster care provided in a foster family home.

House bill.—No provision.

Senate bill.—The Senate bill defined "foster care maintenance payments" as payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, personal incidentals, liability insurance for the child, and reasonable travel to the child's home for visits. In the case of institutional care, the term would include the reasonable costs of administration and operation of the institution as are required to provide the items listed above.

Conference agreement.—The House recedes with the understanding that, in the case of foster family homes, payments for the costs of providing care to foster children are not intended to include reimbursement in the nature of a salary for the exercise by the foster family parent of ordinary parental duties.

Foster Care Maintenance Payments to Children in Homes and Institutions

(Sec. 101)

Present law.—Present law authorizes matching for maintenance payments made to children who are living in foster family homes and in nonprofit *private* child care institutions.

House bill.—The House bill allowed matching for maintenance payments made to children in *public* institutions which accommodate no more than 25 children (but not including detention facilities, forestry camps, training schools, or any other facilities operated primarily for the detention of children who are delinquent). The change applied to children already in such institutions on the date of enactment and to those placed after enactment.

Senate bill.—The Senate bill included the same provision, except that it applied only to children placed in qualified public institutions after the date of enactment.

Conference agreement.—The Senate recedes.

Federal Matching Provisions for Foster Care

(Sec. 101)

Present law.—Under present law, States receive Federal matching for AFDC foster care payments on the same basis as matching for regular AFDC payments. They may use (1) the AFDC formula, which is used by only 4 States, or (2) the Medicaid formula.

House bill.—Same as present law.

Senate bill.—The Senate bill provided for Federal matching under the new IV–E program according to the Medicaid matching formula.

Conference agreement.—The House recedes.

Children Voluntarily Placed in Foster Care

(Sec. 102)

Present law.—Under present law, Federal AFDC matching funds are not available for children placed in foster care without a judicial determination.

House bill.—The House bill removed the limitation that only children who have been placed in foster care as the result of a judicial determination may receive federally matched foster care payments. It allowed Federal matching for children who have been removed from the home pursuant to a voluntary placement agreement, but only after the Secretary of HEW had determined that a State had in place all of the protection and procedures required by section 103 of this bill for the receipt of additional IV–B child welfare services funds.

Senate bill.—The Senate bill maintained the present law limitation.

Conference agreement.—The Senate recedes with an amendment. The conference agreement provides that, in those States that have implemented the protections and procedures required by section 103 for receipt of additional IV–B child welfare services funds, including a program of preplacement preventive services, Federal foster care matching funds would be available until September 30, 1983 for children who have been voluntarily removed from their home (without a judicial determination), if such removal is pursuant to a voluntary placement agreement. The voluntary placement agreement must be revokable on the part of the parent unless the child welfare agency objects and obtains a judicial determination that the return of the child to the home would be contrary to the child's best interests. There would have to be a judicial determination of a voluntary placement within six months to the effect that such placement is in the best interests of the child. The Secretary of HEW would be required to report annually to the Congress on the number of children placed under this provision.

Certain Voluntarily Placed Children

(Sec. 102)

House bill.—The bill provided that a child who was voluntarily removed from the home prior to enactment of the bill without a judicial determination would, upon enactment, become eligible for Federally matched foster care payments in the future, but only if (1) the State had implemented the protections and procedures referred to above (except preplacement preventive services) and (2) there was a written individualized case plan for that child which had been prepared and reviewed according to specified procedures.

Senate bill.—The Senate bill provided that Federal matching under the new Title IV–E would be allowed for a child who was voluntarily removed from the home and for whom there had been, at some time prior to October 1, 1978, a judicial determination that continuation in the home would have been contrary to the welfare of the child. Federal matching funds would become available from the date that a case plan was prepared and a case review was made regarding the child. The bill also authorized Federal matching under Title IV–A until such time as a State had an approved plan under the new Title IV–E for certain children voluntarily placed prior to October 1, 1979. Federal matching would be provided for AFDC foster care costs in the case of a child removed from the home on a voluntary basis where, prior to October 1, 1978, there was a judicial determination that continuation in the home would have been contrary to the welfare of such child. The date of the voluntary removal would be deemed to be the date on which the court proceedings were initiated.

Conference agreement.—The House recedes.

Provision for State Adoption Assistance Program

(Sec. 101)

Present law.—There is no requirement in present law that States have a program of adoption assistance.

House bill.—The House bill required that States establish no later than September 1, 1980 an adoption assistance program under which adoption assistance payments would be made and AFDC Federal matching funds could be claimed under certain conditions and limitations.

Senate bill.—The Senate bill provided that, as part of its IV–E plan, a State may establish an adoption assistance program and receive Federal matching funds under certain conditions and limitations.

Conference agreement.—The Senate recedes with an amendment. Under the conference agreement States would be required to establish an adoption assistance program under the new Title IV–E no later than October 1, 1982.

Eligibility for Adoption Assistance

(Sec. 101)

House bill.—The House bill authorized Federal matching for payments to parents who adopt a child with "special needs" who, prior to adoption, was eligible for SSI or AFDC (including AFDC foster care pursuant to a judicial determination or voluntary placement agreement). The bill also provided that a child could not be considered a child with "special needs" unless the State agency determined that the child could not or should not be returned to his biological family; that the child was difficult to place because of his ethnic background, age, membership in a minority or sibling group, or the presence of factors such as medical conditions or physical, mental, or emotional handicaps; and that a reasonable but unsuccessful effort had been made to place the child without providing assistance.

Senate bill.—The Senate bill authorized Federal matching for payments to parents who adopt a child with "special needs" who, prior to adoption, was eligible for SSI or AFDC foster care pursuant to a judicial determination. The Senate bill also provided that a child could not be considered a child with special needs unless the State agency had determined that the child could not or should not be returned to his home; the State determined that there existed with respect to the child a specific factor or condition because of which it was reasonable to conclude that the child cannot be placed without providing adoption assistance; and that a reasonable but unsuccessful effort had been made to place the child without providing assistance.

Conference agreement.—The conference agreement provides that Federal matching would be available for a child with "special needs" who was eligible for SSI, AFDC or AFDC foster care, including voluntarily placed children, as under the House bill. "Special needs" would be defined as in the Senate bill, modified by House language to provide examples of the kinds of factors or conditions that could constitute "special needs."

Adoption Assistance Agreements

(Sec. 101)

House bill.—The House bill provided federal matching for adoption assistance payments pursuant to an adoption assistance agreement.

It defined "adoption assistance agreement" to mean a written statement, binding on all parties, between the State agency, other relevant agencies, and the prospective adopting parents, which specifies, at a minimum, the amount of payments and any additional services and assistance which are to be provided. In addition, the bill required that the agreement shall remain in effect regardless of whether the adoptive parents are or remain residents of the State.

Senate bill.—The Senate bill included the same provision as the House bill, with the exception that it omitted the requirement that the agreement remain in effect regardless of whether the adoptive parents are or remain residents of the State.

Conference agreement.—The Senate recedes with an amendment providing that, effective October 1, 1983, States would be required to continue to comply with adoption assistance agreements regardless of whether the adoptive parents are or remain residents of the State, as in the House bill. Between enactment and October 1, 1983, HEW would be directed to develop interstate compacts with respect to adoption assistance agreements.

Amount of Adoption Assistance Payments

(Sec. 101)

House bill.—The House bill provided that the amount of the payments would be determined through agreement between the parents and the agency, taking into consideration the economic or other circumstances of the adopting parents and the needs of the child being adopted, and could be readjusted periodically depending on changes in circumstances. The bill also provided that adoption assistance payments could include payments of an amount necessary to cover part or all of the *nonrecurring* expenses (as defined in regulations of the Secretary) associated with the proceedings related to the adoption of the child.

Senate bill.—The Senate bill included the same provision with respect to the amount of payments, but stipulated that funds expended with respect to *nonrecurring* costs of adoption proceedings could be paid for with Title IV–B child welfare services funds, but not with open-ended funds for adoption assistance payments.

Conference agreement.—The House recedes. The conferees understand that some States already fund certain costs associated with adoption through the child welfare services program. This provision is not intended to prohibit funding for expenditures which are considered eligible for funding under present law, such as costs associated with the adoption of children who do not meet the requirements for adoption assistance under the new program established under Title IV–E.

Duration of Adoption Assistance

(Sec. 101)

House bill.—The House bill provided that adoption assistance payments could continue until the child reached age 18. In the case of a child with a physical or mental handicap, the State could continue with assistance until the child reached age 21. Adoption assistance

payments to adoptive parents would cease prior to age 18 (or 21) if the State determines that the child is no longer receiving any support from such parents.

Senate bill.—The Senate bill provided that adoption assistance payments could continue until the child reached age 18. In addition, the bill provided that adoption assistance payments to adoptive parents would cease if the State determined that—

—the child was no longer receiving any support from such parents; or

—the parents were no longer legally responsible for the support of the child.

Conference agreement.—The conferees agreed that Federally matched adoption assistance could continue until the child reached 18, or until 21 in the case of a child with a mental or physical handicap, as in the House bill. Federally matched adoption assistance payments would stop if the State determines the parents are no longer supporting the child or are no longer legally responsible for supporting the child, as in the Senate bill.

Medicaid Eligibility for Adopted Children

(Sec. 101)

House bill.—The House bill provided that children receiving adoption assistance payments would be considered to be receiving AFDC and therefore would be categorically eligible for Medicaid.

Senate bill.—The Senate bill provided that children eligible for adoption assistance would be covered under Medicaid.

Conference agreement.—The Senate recedes.

Federal Matching for Adoption Assistance

(Sec. 101)

House bill.—The House bill provided permanent Federal matching funds for adoption assistance. Matching would be the same as for AFDC, using either the AFDC or Medicaid formula.

Senate bill.—The Senate bill provided that Federal matching for adoption assistance would be limited to adoption assistance agreements entered into before October 1, 1984. Matching would be based on the Medicaid formula.

Conference agreement.—The conference agreement provides that Federal matching for adoption assistance would be permanent, as in the House bill, and would be based on the Medicaid matching formula, as in the Senate bill.

HEW Responsibilities for Studies and Technical Assistance

(Sec. 101)

House bill.—No provision.

Senate bill.—The Senate bill authorized the Secretary of HEW to provide technical assistance to the States in implementing the new Title IV–E. It further required him to conduct a study of foster care

and adoption assistance programs established under the new part IV–E and to submit a report to the Congress by October 1, 1982, including an analysis and evaluation of the effectiveness of the new Title IV–E, and recommendations as to whether the program should continue or any recommendations regarding changes needed in the program.

Conference agreement.—The House recedes. HEW would be authorized to provide technical assistance to States, and to conduct a study of the new IV–E program with a report to Congress, as in the Senate bill. The report would be due October 1, 1983.

TITLE IV-B CHILD WELFARE SERVICES

Requirements for Additional Federal IV-B Child Welfare Services Funds

(Sec. 103)

Present law.—Current law authorizes up to $266 million annually, subject to appropriations, for IV-B child welfare services matching funds to be allocated among the States on the basis of the child population and per capita income of each State. Annual appropriations have never exceeded $56.5 million. Appropriated funds may be used for foster care maintenance payments and a wide variety of child welfare services.

House bill.—The bill provided that in fiscal years 1980 and 1981, if appropriated, States could receive up to $84 million in excess of $56.5 million currently appropriated for child welfare services. In order to continue to receive its share of these new funds beyond fiscal year 1981, a State would have to have implemented specified laws and procedures to assure: judicial determinations in the case of involuntary placements, which would include a finding with regard to the provision of preplacement preventive services; "voluntary placement agreements" in the case of voluntary placements; reunification services; placements in the least restrictive setting and within reasonable proximity to home; a case plan for each child in foster care (6 month administrative review and 18 month dispositional hearing); and fair hearing procedures.

Beginning in fiscal year 1981, if appropriated, a State could receive its share of an additional $125.5 million if, in addition to the above items, it had: completed case reviews of all children who have been in foster care for over 6 months; and provided HEW with an inventory and report based on these case reviews. In order for a State to continue to receive its share of this second allotment of new funds beyond the end of the fiscal year following the fiscal year it received such funds, it would have to have: implemented "preplacement preventive services" for voluntary and involuntary placements; established procedures enabling it to provide HEW with an annual report on children in foster care; and demonstrated that 40 percent of additional IV-B funds are used for preventive and reunification services.

Senate bill.—The bill provided that, if in any year funds in excess of $56.5 million are appropriated, the appropriations act may restrict States' use of such new funds to certain foster care procedures and services. This included for the first year: conducting an inventory of children who have been in foster care for over 6 months; developing a statewide information system on children in foster care; developing a case review system for each child in foster care (12 month review and 24 month dispositional hearing), designed to achieve placement in the least restrictive setting and in close proximity to home, and to provide

procedural safeguards for parents; and developing a service program designed to help children remain with their families or, where possible, return to their families. In any following fiscal year, the additional IV–B funds could be used for the implementation and operation of the information and case review system and service programs referred to above. However, if a State had completed all the activities referred to above, any amounts available to it in any fiscal year in excess of the $56.5 million appropriation could be used for implementation and operation.

Conference agreement.—In any year in which Federal IV–B appropriations exceed $141 million, a State could not receive any IV–B funds in excess of its share of $141 million unless it had implemented the following procedures and protections:

—conducted an inventory of children who have been in foster care for over 6 months

—implemented a statewide information system on children in foster care

—implemented a case review system for each child in foster care, which includes a 6 month review and 18 month dispositional hearing for each child. The case review system must be designed to achieve placement in the least restrictive setting and in close proximity to home, and to provide procedural safeguards for children, parents and foster care providers

—implemented a services program designed to assist children, where possible, to return to their homes.

Further, when Federal IV–B appropriations have equalled the authorized maximum of $266 million for two consecutive years, a State would have its IV–B funds reduced, beginning with the succeeding fiscal year, to the share of $56 million it received in fiscal year 1979, unless and until it had implemented the protections and procedures described above and, in addition, implemented a service program of preplacement preventive services designed to prevent the need for removing a child from his or her home.

Definition of Child Welfare Services

(Sec. 103)

Present law.—For purposes of Title IV–B, the term "child welfare services" is defined as public social services which supplement, or substitute for, parental care and supervision for the purpose of—(a) preventing or remedying, or assisting in the solution of problems which may result in, the neglect, abuse, exploitation or delinquency of children; (b) protecting and caring for homeless, dependent, or neglected children; (c) protecting and promoting the welfare of children of working mothers; and (d) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day care or other child care facilities.

House bill.—The bill changed the definition of "child welfare services" to public social services which are directed toward the accomplishment of the following purposes: (a) preventing or remedying or assisting in the solution of problems which may result in, the neglect, abuse, exploitation or delinquency of children; (b) protecting and

promoting the welfare of all children, including handicapped, homeless, dependent, or neglected children; (c) preventing the unnecessary separation of children from their families by identifying problems, assisting families in resolving their problems, and preventing breakup of the family where the prevention of child removal is desirable and possible; (d) restoring to their families children who have been removed, by the provision of services to the child and family; (e) placing children in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and (f) assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption.

Senate bill.—No provision.

Conference agreement.—The Senate recedes.

Limitations on Use of Title IV–B Funds

(Sec. 103)

House bill.—The bill prohibited a state from using any funds it received in excess of its share of the $56.5 million currently appropriated for foster care maintenance payments, adoption assistance payments, and for child care which is solely employment-related.

Senate bill.—The bill prohibited a State from using any funds, in excess of it share of the $56.5 million currently appropriated, for foster care maintenance payments.

Conference agreement.—A State would be prohibited from using new IV–B funds for foster care maintenance payments, adoption assistance, and for child care that is needed only for employment, as in the House bill.

Prohibition Against Reduction of State Child Welfare Expenditures

(Sec. 103)

House bill.—The House bill provided that to be eligible to receive its share of increased appropriations under Title IV–B, a state could not reduce its spending level for child welfare services under Title XX and Title IV–B, below its 1979 level.

Senate bill.—No provision.

Conference agreement.—The Senate recedes with an amendment. Under the conference agreement, the reference to Title XX would be omitted.

Federal Matching Rate for IV–B Child Welfare Services

(Sec. 103)

Present law.—Current Federal matching rates range from 33⅓ percent to 66⅔ percent based upon State per capita income.

House bill.—The Federal matching rate for Title IV–B funds would be changed to 75 percent.

Senate bill.—Same as House bill but a State would be allowed to use State foster care expenditures to meet the 25 percent IV–B matching requirement.

Conference agreement.—The House recedes.

Advance Funding of Title IV–B

(Sec. 103)

House bill.—No provision.

Senate bill.—The bill converted the child welfare services program to an "advance funding" basis. Appropriations would become available for expenditure in the fiscal year following the fiscal year to which the appropriation act generally applied in order to provide States with advance knowledge of the amount of funding available.

Conference agreement.—IV–B funds would be shifted to an advance funding basis as in the Senate bill beginning in fiscal year 1981 for expenditures to be made in 1982.

Carryover of a State's Unused Title IV–B Child Welfare Funds

(Sec. 103)

House bill.—Funds appropriated for fiscal year 1980 would remain available, to the extent provided in an appropriation act, through fiscal year 1981.

Senate bill.—No provision.

Conference agreement.—The Senate recedes.

Reallocation of Title IV–B Funds

(Sec. 103)

Present law.—Current law permits reallocation of funds not needed by one State to other States which the Secretary determines have need for such funds to carry out their State plans and which will be able to use such funds during the fiscal year. Reallocation is to take into consideration the population under age 21 of each State and the State per capita income.

House bill.—The bill repealed the present law provision for reallocation of unused funds.

Senate bill.—Same as present law.

Conference agreement.—The House recedes.

Child Welfare Payments Directly to Indian Tribal Organizations

(Sec. 103)

Present law.—There is no specific provision relating to Indian tribal organizations.

House bill.—Same as present law.

Senate bill.—The bill provided authority for the Secretary of HEW to make payments from funds appropriated for Title IV–B child welfare services directly to an Indian tribal organization in a State. The payments would come from the State's Title IV–B allotment.

Conference agreement.—The House recedes.

TITLE II—SOCIAL SERVICES

Ceiling on Federal Title XX Funds

(Sec. 201)

Present law.—For fiscal year 1979, Federal funding for social services under Title XX of the Social Security Act was subject to a temporary national ceiling of $2.9 billion. As of October 1, 1979, the ceiling reverted to its permanent level of $2.5 billion.

House bill.—The House bill provided for increasing the permanent ceiling on Federal funding for Title XX to $3.1 billion for fiscal year 1980 and after.

Senate bill.—The Senate bill provided for annual indexing of the $2.5 billion ceiling through FY 1985, resulting in the following levels: $2.7 billion in 1980; $2.9 billion in 1981; $3.0 billion in 1982; $3.1 billion in 1983; $3.2 billion in 1984; $3.3 billion in 1985 and after.

Conference agreement.—The House recedes with an amendment requiring reallocation of any unused funds in fiscal year 1980.

100 Percent Matching For Child Day Care; Grants to Hire Welfare Recipients

(Sec. 202)

Present law.—For fiscal years 1977, 1978 and 1979, $200 million annually was available for day care under Title XX with no Federal matching requirement. Under temporary provisions of law which expired March 31, 1980, States were permitted to use Title XX funds to make grants to employers for the wages of welfare recipients hired to provide day care services, under certain specified limitations and restrictions. Grants could be used to pay wages up to $6,000 a year to an employee in the case of a public or nonprofit provider of child care, or $5,000 in the case of a profitmaking provider.

House bill.—The House bill provided that, of the total amount of Title XX funds available under the statutory ceiling, $200 million would be available for child care in fiscal years 1980 and 1981 with no State matching requirement. In addition, the House bill extended through fiscal years 1980 and 1981, the temporary provision of law permitting States to use their share of the $200 million for grants to reimburse employers for wages paid to welfare recipients hired as child care workers.

Senate bill.—The Senate bill, like the House bill, earmarked $200 million for child care in fiscal years 1980 and 1981 with no State matching requirement. In addition, the Senate bill made permanent the same provision permitting States to use Title XX funds for reimbursement of the costs of hiring welfare recipients in child care jobs

with the addition of the following provisions: (a) for fiscal year 1979, States would be limited to their share of the $200 million earmarked for child care; (b) for fiscal years 1980 and 1981, such reimbursement would first be applied to the $200 million child care allocation, and, in any case, could not exceed 8% of the State's share of Title XX Federal funding, with no State matching requirement; (c) for fiscal years 1982 and after, up to 8% of the State's share of total Title XX Federal funding, with no State matching requirement, would be available.

The wage limits would be increased on a permanent basis to $6,000 per eligible employee in public and nonprofit private child care facilities and to $5,000 in profitmaking facilities.

Conference agreement.—Of the total amount of Title XX funds available under the statutory ceiling, $200 million would be available for child care in fiscal 1980 and 1981 with no State matching requirement, as in both the House and Senate bills. In addition, authority for States to use Title XX funds for grants for hiring welfare recipients as child day care workers would be made permanent with the modifications contained in the Senate bill. For fiscal years 1982 and thereafter, a State could receive up to 8 percent of its Title XX allotment with no matching requirement if such allotment was used for child care services (including grants to hire welfare recipients) as provided under present law for the $200 million earmarked for child care services.

Limitation on Funds for Title XX Training

(Sec. 203)

Present law.—75 percent Federal matching funds are available to States on an entitlement basis for training costs related to Title XX activities. These funds are open-ended and are in addition to matching funds provided under the Title XX statutory ceiling.

House bill.—The House bill provided that, for fiscal 1980, Federal matching funds for training would be limited to an amount equal to 3 percent of the State's fiscal 1980 allotment of funds under the statutory services ceiling. States that received more Federal Title XX training funds in fiscal 1979 than 3 percent of their fiscal 1980 allotment would receive an additional amount equal to two-thirds of the amount by which Federal training funds received in fiscal 1979 exceeded 3 percent of their fiscal 1980 allotment. Beginning in fiscal 1981 and for each year thereafter, States would be reimbursed only for those training expenditures that had been included in, and approved by HEW as part of, a State Title XX training plan.

Senate bill.—The Senate bill provided that for fiscal year 1980, notwithstanding any other provision of law, Federal matching funds for training would be limited to the highest of:

—4 percent of the State's allotment for that fiscal year under Title XX funding ceiling,

—the actual amount of Federal matching for amounts spent by the State for training in fiscal year 1979, or

—the amount payable to the State with respect to State appropriations made prior to October 1, 1979 for fiscal year 1980, except that the additional amount would be limited to $6 million distributed among affected States.

Conference agreement.—The conference agreement provides that for fiscal years 1980 and 1981, the ceiling specified in the Senate bill would be in effect. For fiscal 1982 and thereafter, there would be no specific ceiling, but States would be reimbursed only for those expenditures included in an HEW approved State training plan, as in the House bill.

Use of Restricted Private Funds for Training Programs

(Sec. 204)

Present law.—Private funds donated to the State for purposes of meeting the non-Federal requirement for Title XX services or training must be donated without restrictions, unless the donor is not a sponsor or operator of a program that provides these services or training.

House bill.—No provision.

Senate bill.—The Senate bill provided that in fiscal year 1980, States would be permitted to accept restricted private matching funds for training purposes (except where the training was provided by a proprietary facility).

Conference agreement.—The House recedes with an amendment providing that States could accept restricted private matching funds in fiscal 1980 and fiscal 1981.

Emergency Shelter

(Sec. 205)

As in both the House and Senate bills, effective October 1, 1979, Title XX funds could be used for emergency shelter, for not in excess of 30 days in any 6 month period, as a protective service to an adult in danger of physical or mental injury, neglect, maltreatment, or exploitation.

Multi-Year Planning; Choice of Fiscal Year

(Sec. 206)

Present law.—Title XX requires States to develop annual service plans and to make them available for comment each year. The service plan year must coincide with the fiscal year of either the Federal or State Governments.

House bill.—The House bill provided that States would be given the option of using a 1, 2, or 3 year Title XX program period. States that opt for a multi-year program period would be required to make information about their plan available at such times as may be specified by HEW regulations.

Senate bill.—The Senate bill provided for multi-year planning as in the House bill and also provided that States would be given the option of using a service program period which coincides with the fiscal year used by local governments within the State.

Conference agreement.—Under the conference agreement, States would have the option of a multi-year Title XX program period, as in both bills, and a local government fiscal year, as in the Senate bill, effective for program periods beginning after enactment.

Social Services Funding for Territories

(Sec. 207)

As in both the House and Senate bills, a separate Title XX entitlement would be established for Puerto Rico, Guam, the Northern Marianas and the Virgin Islands in the following amounts, effective October 1, 1979:

	Millions
Puerto Rico	$15.0
Guam	.5
Virgin Islands	.5
Northern Marianas	.1
Total	16.1

Permanent Extension of Provisions Relating to Child Day Care Services and WIN Tax Credit

(Sec. 208)

Present law.—Employers of AFDC recipients who are placed in jobs under the WIN program, or who have received AFDC for at least 90 days, are eligible for a tax credit equal to 50% of up to $6,000 of wages per employee for the first year of employment and 25% of such wages for the second year.

House bill.—Present law.

Senate bill.—The Senate bill would permit employers who receive Title XX grants for purposes of hiring welfare recipients in child care jobs to elect to include such grants in wages eligible for the tax credit. For taxpayers who so elect, the credit amount would be limited so that the total amount of the credit plus the grant could not exceed the lesser of $6,000 or 100% of total wages paid to the employee. In addition, the bill would allow the tax credit for persons employed on a part-time basis in child care jobs and would make certain technical amendments to correct errors in the Revenue Act of 1978.

Conference agreement.—The conference agreement maintains the current law provision which provides that the credit is not allowed for wages reimbursed by a grant. The conference agreement provides, however, for a special 100-percent credit with respect to unreimbursed wages paid to workers whose wages are reimbursed in whole or in part by funds made available under section 2007 (grants to hire welfare recipients as child care workers) of the Social Security Act. If the taxpayer elects to compute the credit using this rate, the credit with respect to any employee is limited to the least of: (1) $6,000 minus the reimbursement with respect to this employee under section 2007, (2) $3,000 (for the first year of employment) or $1,500 (for the second year of employment), or (3) 50 percent (for the first year of employment) or 25 percent (for the second year of employment) of the sum of unreimbursed wages and the reimbursement under section 2007.

The conference agreement includes the Senate provision with regard to the eligibility of part-time child care workers for the credit. Regulations should define a minimum standard for part-time employment, such as 8 hours per week for the first 4 weeks of employment, to ensure that employees are eligible only if they have established a regular employment relationship with the employer.

Services to Alcoholics and Drug Addicts

(Sec. 209)

Both the House and Senate bills provided for making permanent a temporary provision of law which allows Title XX funds to be used for certain rehabilitative services provided to alcoholics and drug addicts, and for limited funding of detoxification services provided in medical facilities.

TITLE III—OTHER SOCIAL SECURITY ACT PROVISIONS

Federal Funding for Non-AFDC Child Support Enforcement Program

(Sec. 301)

Present law.—To cover administrative costs, Federal funds are available at a 75% matching rate for child support enforcement services provided to AFDC recipients. Matching funds were also available for non-AFDC families until September 30, 1978 under prior provisions of law and were extended to March 31, 1980 by P.L. 96–178. States are allowed to charge an application fee of no more than $20 to non-AFDC families and to recover costs in excess of the application fee by deducting such costs from the amount of child support collected.

House bill.—No provision.

Senate bill.—The Senate bill reinstated the provision for 75% Federal matching on a permanent basis.

Conference agreement.—The House recedes.

Incentive To Report Earnings Under AFDC Program

(Sec. 302)

Present law.—Present law provides no penalty for failure to make a timely report of earned income.

House bill.—No provision.

Senate bill.—The bill provided that the earnings disregards would not be applied to any earned income that is not reported on a timely basis (unless there is good cause).

Conference agreement.—The House recedes.

Prorating of Shelter Allowance

(Sec. 303)

Present law.—A State generally may not presume that the income of any nonlegally responsible relative is available to a child for purposes of AFDC.

House bill.—No provision.

Senate bill.—The Senate bill permitted a State to prorate the shelter and utilities portion of the AFDC benefit in the case of a child who is living with a relative who is not himself an AFDC recipient so as to take account of that relative's presumed contribution to those shelter costs. The provision applies where the relative is not legally responsible for the AFDC child's support, or where none of the legally responsible

relatives living with the child is eligible for AFDC because such relative is being supported by another person or another program and where the total income of the household equals or exceeds the State standard of need for a unit that size or the total income of the unit cannot be determined.

Conference agreement.—The House recedes.

Services for Disabled and Blind Children Receiving SSI

(Sec. 304)

Present law.—As a part of the SSI program, $30 million in Federal funds were authorized for allocation to States to provide services to blind and disabled children receiving SSI. This program expired September 30, 1979.

House bill.—No provision.

tive is being supported by another person or another program, and

Senate bill.—The Senate bill extended the program from October 1, 1979 until September 30, 1982.

Conference agreement.—The House recedes.

Public Assistance Payments to Territorial Jurisdictions

(Sec. 305)

As in both the House and Senate bills, the temporary $78 million funding level and 75 percent matching rate provided in fiscal 1979 for AFDC and assistance programs for the aged, blind and disabled in Puerto Rico, Guam and the Virgin Islands would be made permanent, effective October 1, 1979. (As of October 1, 1979, the funding level reverted to the permanent level of $26 million and the matching rate reverted to 50 percent.)

Period Within Which Certain Claims Must Be Filed

(Sec. 306)

Present law.—There is no time limit on State submission of claims under the public assistance, medicaid and social services programs in the Social Security Act.

House bill.—The bill provided that no payment may be made to a State with respect to any expenditure under the Child Welfare Services Program (Title IV–B of the Social Security Act) unless the Secretary received a claim for Federal reimbursement on or before the last day of the fiscal year following the fiscal year in which the expenditure is made.

Senate bill.—The bill provided that no payment may be made to a State with respect to any expenditure under the AFDC, Medicaid, Social Services, and other Social Security Act programs unless the Secretary received a claim for Federal reimbursement from the State within a two-year period after expenditure; except, court-ordered retroactive payments, audit exceptions, adjustments to prior year costs, or where the Secretary determines there is good cause to waive the limit. The provision would be effective starting with fiscal

year 1980 expenditures, except that the provision specified that there shall be no time limit on the payment of claims which have been filed prior to enactment and that claims for expenditures prior to fiscal year 1980 must be filed by December 31, 1980.

Conference agreement.—The House recedes.

Incentives for States To Collect Child Support Obligations

(Sec. 307)

Present law.—A 15 percent incentive payment financed entirely from the Federal share of collections is paid to States that enforce and collect support on behalf of other States, or to a political subdivision within a State that enforces or collects child support on behalf of its own State.

House bill.—No provision.

Senate bill.—The Senate bill retained provisions of present law, and, in addition, allowed States which enforce and collect child support within the State on their own behalf to receive the 15 percent incentive payment.

Conference agreement.—The House recedes.

Postponement of Imposition of Certain Penalties Relating to Child Support Requirements

(Sec. 309)

Present law.—If a State is found by an annual audit not to have an effective child support enforcement program which is effective and meets the requirements of Title IV–D, the State's AFDC reimbursement is reduced by 5 percent. (The first audit period was January 1 to September 30, 1977.)

House bill.—No provision.

Senate bill.—The Senate bill prohibited imposition of the 5 percent penalty for failure to have an effective child support enforcement program for the period January 1, 1977 to October 1, 1977 for any State which established its child support program on July 1, 1977.

Conference agreement.—The conference agreed that the 5 percent penalty for failure to have an effective child support enforcement program in current law would not be imposed on any State before October 1, 1980. The conferees note that this provision should not be considered to prejudice in any way the ultimate disposition of penalties for prior years.

Exchange of Information on Terminated or Suspended Providers Under Medicare and Medicaid Programs

(Sec. 308)

Present law.—The Secretary of HEW is required to suspend from the Medicare program any practitioner convicted of a criminal offense related to involvement in the program, and any institutional provider in which a managing employee has been so convicted, and to notify the

State Medicaid agency to suspend the physician or provider from the Medicaid program. Present law also allows the Secretary of HEW to exclude from the Medicare program individual practitioners or providers that knowingly or willfully make or cause to be made any false statements in an application for payment, or submit excessive bills, or furnish services in excess of needs. Federal matching payments may not be made under medicaid to any such suspended practitioner or provider.

House bill.—No provision.

Senate bill.—The Senate bill required the Secretary of HEW to notify the State Medicaid agency when individual practitioners or providers are suspended or terminated under the Medicare program for making false statements, submitting excessive bills, or furnishing services in excess of needs (but not necessarily convicted of a criminal offense). The bill also required the State Medicaid agency to promptly notify the Secretary of HEW whenever a provider of services or an individual practitioner is terminated, suspended or otherwise sanctioned or prohibited from participating under the Medicaid program.

Conference agreement.—The House recedes.

Continuation of Medicaid Eligibility for Certain Recipients of VA Pensions

(Sec. 310)

Present law.—Under P.L. 95-588, the Veterans' and Survivors' Pension Improvement Act of 1978, benefits were increased for recipients of non-service connected VA pensions, and pensioners were given the option to continue receiving their pensions under the pension system as in effect before enactment of the new law, or to elect to be covered under the new law.

Many pensioners are also eligible for and receive AFDC or SSI benefits. In all States except Arizona, a person who is an AFDC recipient is automatically eligible for Medicaid. In all but 15 States, eligibility for SSI also makes one categorically eligible for Medicaid. In the other 15 States a more restrictive standard is in use, but persons may be eligible if they spend their excess income on medical care.

Specific statutory language in SSI law requires, as a condition of eligibility, that any beneficiary apply for any other Federal benefits—such as higher VA pension benefits under the new pension law—to which he or she is entitled. Longstanding policy in the AFDC program has a similar result. Both AFDC and SSI count VA benefits as income in determining eligibility.

House bill.—No provision.

Senate bill.—The Senate bill allowed those AFDC and SSI recipients who were receiving VA pensions as of December, 1978, and who became eligible for the higher VA pension benefits under P.L. 95-588, and thereby became ineligible for Medicaid in those States which provide Medicaid eligibility for AFDC and SSI recipients only on a categorical basis, to disaffirm any entitlement to the higher VA pensions in order to continue eligibility for SSI, AFDC and Medicaid. (Medicaid eligibility would be restored retroactive to January, 1979.) It required that the Veterans' Administration keep separate records

of pensioners opting for the lower pension benefit and transfer the "savings" resulting therefrom to the Secretary of HEW in order to defray the cost to HEW and the States of the restored SSI, AFDC and Medicaid benefits.

Conference agreement.—The House recedes with an amendment. There would be no transfer of funds from the VA; and, individuals who have already lost eligibility for SSI or AFDC because of the higher VA pension would be considered to have remained eligible for SSI and AFDC for the months between their transfer to VA benefits and the date that this amendment becomes effective with respect to them.

PROVISIONS DELETED BY THE CONFERENCE

The conference did not accept:

1. The House provision that would have required States, prior to publication of their Title XX plan, to consult with local government officials.

2. The House provision that would have required States to specify in their Title XX plan the criteria for the distribution of Title XX funds within the State.

3. The House provision that would have added language to the Title XX law stating it was the purpose of the program to meet social service needs not otherwise being met.

4. The Senate provision that would have changed the earnings disregards under the AFDC program.

5. The Senate provision that would have required States, in determining AFDC eligibility or benefits, to take into account certain amounts of a stepparent's income.

6. The Senate provision that would have required States to have computerized medicaid management information systems operational by July 1, 1981.

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CHARLES B. RANGEL,
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DANIEL MOYNIHAN,
DAVID BOREN,
BOB DOLE,
JOHN HEINZ,
BILL ROTH,
Managers on the part of the Senate.

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